



# FINANCIAL TIMES



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## NEWS SUMMARY

### GENERAL

## Smith may quit as Chief Whip

The confusion in the Liberal Party increased last night with reports that Mr. Cyril Smith, MP for Rochdale, was thinking of resigning as the Party's Chief Whip.

Mr. Smith, who entered hospital yesterday for three days for observation, had intended to raise the question of Mr. Jeremy Thorpe's leadership at tomorrow's Party meeting. Mr. Smith is said to be "exhausted" by the leadership affair and has told colleagues repeatedly in recent weeks that if it were not resolved quickly he would have to resign.

Meanwhile, Mr. Thorpe's attempt to defer a leadership election until the autumn has received support from Mr. Jo Grimond MP and Mr. Clement Freud MP. But Mr. Richard Wainwright MP is expected to tell Mr. Thorpe to-day or tomorrow that he should resign.

### Rail chaos threat to day

Main-line rail services between London, the North-East and Edinburgh may be badly disrupted to-day because of unofficial strikes by drivers protesting about service cuts introduced a week ago as part of an economy drive. Trouble began in Leeds yesterday and spread to Hull, Lincoln, Grimsby, Workson, Sheffield and Kings Cross. Back Page

### Helicopter men plucked from sea

Thirteen oilmen and a pilot were picked up unhurt by helicopter from a life-raft half an hour after their own privately-owned Wessex helicopter ditched in high winds into the North Sea two and a half miles from BP rig Whisky Alpha.

### Irish Duke dies in a bed-sitter

The Duke of Leinster, 83, the Premier Irish Duke, Marquess and Earl, died in a London bed-sitter. His widow, Vivien, said he died "distraught, depressed and utterly penniless." Married four times he succeeded to the title in 1932 but took his seat in the Lords for the first time in July.

### Loyalists convene

Loyalist members of the former Northern Ireland Convention are to meet in Belfast unofficially to-day despite the dissolution of the 76-member forum. Page 5

In Dublin, the Provisional IRA issued a statement saying "we are as strong as ever" in rebuttal of Irish Foreign Minister Dr. FitzGerald's claim that they had "reached the end of the road."

### Blow to Blyth

Chay Blyth, whose £180,000 trimaran, Great Britain III, remained capsized off Plymouth yesterday, said his chances of winning the single-handed transatlantic yacht race had virtually disappeared if he had not been in collision with a cargo vessel, he believed he could have won or come second, he said.

### FA semi-finalists

Crystal Palace will play Southampton in the FA Cup semi-final at Stamford Bridge on April 3. Derby County will play Manchester United or Wolverhampton Wanderers at Hillsborough, Sheffield.

### Briefly...

Australian ketch *Anaconda* reached the FT clipper race finishing line at Dover last night after days of battling against snow-hidden easterlies. Page 11

Sir Nigel Galperin, 73-year-old Labour MP for Glasgow Shettleston and Deputy Speaker of the Commons, is retiring at the next General Election.

### CHIEF PRICE CHANGES YESTERDAY

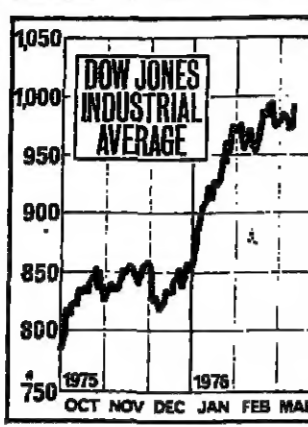
(Prices in pence unless otherwise indicated.)

RISERS		FALLS	
BSR	110 + 5	Treas. 9pc 1980	284 1/2 - 1/2
Barlow Rand	179 + 6	Treas. 13pc 97 "A"	207 1/2 - 1/2
Bowater	202 + 7		
British Car Auction	43 + 3		
"Bats"	335 + 8		
Coral (J.)	128 + 7		
Ditalliers	147 + 4		
Dunlop	90 + 3		
Edwards	30 + 10		
Fellows & Co.	136 + 5		
Galliford Brindley	43 + 3		
General Accident	128 + 3		
GKN	328 + 6		
Harmon Trust	179 + 6		
Hong Kong Land	130 + 7		
Hong Kong Shanghai	311 + 8		
ICI	394 + 6		
Jackson Bourne End	70 + 5		
Jarvis	285 + 13		
Lesney Products	33 + 5		
Lucas Inds.	223 + 8		
Nottingham Mfgs.	80 + 5		
OK Bazaars "A"	500 + 20		
Phillips' Lamp	961 + 26		
Plessey	33 + 5		
Swan Hunter	33 + 7 1/2		
Tarmans	173 + 8		
Vickers	185 + 5		
BP	603 + 15		
Sheff Transport	285 + 11		
Sundridge	700 + 13 1/2		
Anglo American	268 1/2 + 22		
Cons. Gold Fld. Aust.	230 + 20		
Minoreo	150 + 8		
Norridge Expln.	410 + 30		
Peko-Walsend	320 + 40		
RTZ	190 + 6		
Westfield Minerals	205 + 6 1/2		

### BUSINESS

## Wall St. up 15.82; equities gain 6.8

WALL STREET rose 15.82 to 988.74 in moderately active trading. Investors were encouraged by last week's drop



in unemployment and wholesale prices, and the news that consumer credit in January showed the biggest rise for 18 months.

● **GILTS**, particularly long-bore the brunt of the market's reaction to the fresh weakness in sterling. Selling was not heavy, but the absence of support led to falls of 1 1/2 at the close. Shorts were relatively steady, with falls of only 1/2. The Government Securities Index fell 0.57 to 61.50.

● **EQUITIES** ignored the trend in gilts, with further demand for larger exporters' issues. Stock shortage accentuated the day's gains, most buying being only modest. Up 7.1 at 2 p.m. The FT 30-share index closed 6.8 higher on the day at 411.5.

● **DOLLAR** slipped slightly. Its trade-weighted depreciation widened to 2.43 (2.24) per cent.

● **GOLD** lost \$1 to \$133.

● **U.S. TREASURY** bill rates fell sharply at this week's auction. Threes were 5.080 (5.288) per cent.; Sixes were 5.857 (6.724) per cent.

● **FEDERAL FUNDS** rates closed at 4 1/2 per cent., against Friday's 5 per cent. This is being taken as a firm hint that no further hardening is imminent, writes Jay Palmer in New York.

● **MINERS** have voted 6-4 to end the overtime ban called as part of a campaign against plans to close the Langwith colliery. The pithead vote thus endorses the narrow executive decision to call off the ban. Page 13

● **FIRST PLANNING** agreements between private companies and the Department of Industry look likely to be delayed until the summer. One reason appears to be the administrative problems, but also increasing doubts as to their value are being expressed by major companies. Back Page

● **TERMS** of the State takeover of Burmah Oil's Ninian field are expected to be announced shortly. But the situation over Burmah's Thistle interests is still uncertain. Page 8

● **BRITISH STEEL** burden of interest payments has been increased substantially by last night's decision by the Government to cut back the Corporation's access to non-interest-bearing public capital to 35 per cent. of its needs this year and next. Back Page

● **U.S. PROPERTY** lending and mortgage trust Continental Mortgage Investors has filed for reorganisation under the Bankruptcy Act. Page 26

● **MOTHERCARE**, the U.K. baby-ware retail chain, has made an agreed £11.9m. bid for Dekon Corporation, a similar organisation in the U.S. Page 8

● **J. CORAL** Holdings is to raise £2.7m. by way of a one-for-six rights issue at 100p. Page 20 and Lex

● **WORLD BANK** is to make an \$18m. (\$2m.) loan to aid a wildlife conservation scheme in Kenya.

## Strong intervention after new low of \$1.92

# Pound recovers as Bank halts slide

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

The pound hit an all-time low of \$1.92575 yesterday morning before the Government signalled its desire to arrest the latest slide with an aggressive display of intervention by the Bank of England.

The day began with sterling at around \$1.931, against \$1.9320 on Friday night. In hectic dealings the pound fell sharply on selling from all quarters—including Continental Europe, the Middle East and the Far East—until a support operation mounted by the Bank of England convinced the market that the U.K. authorities wanted to hold the rate at least for the time being.

After touching its historical low point the pound recovered to close at \$1.9425, an effective depreciation from December, 1971 levels of 53.1 per cent., against the weighted average of all the major currencies.

This compares with a weighted depreciation of 30.1 per cent. as recently as last Wednesday night, when the dollar sterling rate was \$2.0245.

It is one of the most rapid declines in sterling's value on record, and revived the jitters in the foreign exchange market, which had already been all too evident in regard to the problems of the Italian economy and the market's increasing concern about the viability of current relationships in the European currency snake—the band within which certain EEC currencies float.

While Mr. Gordon Richardson, the Governor of the Bank of England, was being questioned about the British Government's tactics in the exchanges at the monthly meeting of central bank governors in Basle, the Bank of the standards of exchange rate, but the significance of yesterday's operations was the openness with which they were conducted.

Market sources were interpreting yesterday's moves as a definite message from the authorities that enough is enough, although nobody believes that the authorities will seriously attempt to counteract what is deemed irresistible market pressure.

A strong debating point in markets yesterday concerned what was seen as a difference of approach by the Bank of England and the Government to the slide in the pound.

In the face of large commercial demand for sterling last Thursday morning, it became obvious that the U.K. authorities were quite prepared to meet the demand rather than allow the exchange rate to improve, after a period of three months when the effective depreciation of sterling had remained at around 30 per cent.

Preventing an improvement in sterling, and encouraging a gentle fall, was seen as in line with the official U.K. policy of letting the exchange rate adjust to reflect the difference between our inflation rate and the lower inflation figures abroad.

But there is no doubt whatsoever that the fall got out of hand on Friday and again yesterday morning. And seasoned market experts believe that

somewhat to its embarrassment, the Bank of England was prevented by the Government from steadying the market as much as it would have liked "on Friday."

There was support on Friday, but it was not so easy to detect as yesterday's, and certainly gave the market the impression that the Treasury was happy to see the rate slide.

Such tactics were described by one foreign exchange dealer yesterday as playing with fire, and the general conclusion in the market was that even the Treasury thought it could have handled things more adeptly.

As it turns out, the actual decline in the effective rate which has come about during the past few days brings the average decline in sterling over the past year to about 1 per cent. a month.

The plunge in the past few days has been considerably faster than what is now dictated by differing inflation rates, estimated to be an average of 1 per cent. a month devaluation.

Continued on Back Page

# Farmers awarded record 14% rise in guaranteed prices

BY PETER BULLEN

GUARANTEED prices for British farmers will rise by a record 14 per cent. as a result of the EEC and U.K. reviews announced by Mr. Fred Peart, the Minister of Agriculture, yesterday.

As expected, U.K. consumers will have to foot some of the bill through higher retail prices for butter, cheese, and possibly bread, but the price of milk will not go up until early next year.

Given responsible weather and barring any unforeseen fiscal moves by the Government, farmers feel the increases should be sufficient to trigger off the sort of expansion in home food output called for by the Government in its White Paper last year "Food from our own resources."

Although the 14 per cent. rise in target and guaranteed prices (which does not mean an automatic increase in returns as the market price of many commodities is well above the guaranteed level) had to compare with the 11 per cent. (or £456m.) rise in farmers' costs in the past year, Sir Henry Plumb, the National Farmers' Union president said last night: "Our initial judgment must be that, in spite of the considerable uncertainties ahead concerning

the structural and fiscal framework within which farmers and growers can work with confidence, the Government's review does not appear to be a firmer prospect for a recovery of both output and income in the year ahead."

The increases in farmers' guaranteed prices for the three commodities over which the U.K. still retains control are potatoes, up £13 or 43 per cent. to £40 a ton; wool, up 7p or 23 per cent. to 38p a lb; and sheepmeat, up 6p or more than 13 per cent. to 42p a lb. In addition, the bill cow subsidy is being raised by £4.50 to £29 a cow. Changes in capital grants and farm and horticultural development schemes will increase their value to the industry by at least £30m. in a full year.

Following the EEC price package agreed in Brussels last week and including the next step-up in British prices towards EEC levels, that is part of our transitional membership arrangements, British milk producers will see their average guaranteed price rise by 6p to 43p a gallon from April 1—an increase of 16 per cent. Beef will go up a 4p to 6p a pound, and milk will not go up until next January when it will target price for the year from 225.06 a live cwt to £26.60.

For consumers, the overall cost of all the changes, including the transitional price increases, would add 2 1/2p in the pound on the food price index during the year, he claimed. Butter would rise by about 8p a pound with the bulk of the increase coming next month. Cheese will go up a 4p to 6p a pound, and milk will not go up until next January when it will target price for the year from 225.06 a live cwt to £26.60.

Bread and beef prices may also rise slightly because of the price changes.

The Minister said he had fought hard against the EEC Commission's proposal to devalue the "Green Pound" because, although it would have raised farmers' prices even higher, it would have put up the cost of all foods to consumers. The NFU said later that in view of the fall in sterling which had widened the gap between the "Green Pound" and the market value of the pound from 74 per cent. to 12 per cent., devaluing the "Green Pound" must be put on the top of next month's EEC farm ministers' meeting agenda.

Editorial comment and special feature Page 18; Parliament, Page 16

## Unemployment in Britain could reach 1.5m., says OECD

BY SAMUEL BRITTON

U.K. UNEMPLOYMENT could well reach 1.5m., or 6 1/2 per cent. by the end of 1976, according to the annual OECD survey of the growth of world trade. This would mean a winter peak of 1.8m. or 1.7m., even with students excluded. The OECD figures are on a seasonally-adjusted standardised basis.

Since the text of the report was agreed on at the end of January, there have been signs of a strengthening in U.K. domestic demand. The Department of Trade yesterday revised its seasonally-adjusted index of retail sales in January from a provisional estimate of 109 to 109.5. Sales volume in the three months from November to January was 2 per cent. above

the level of the previous three months. British official experts also take a more optimistic view of the growth of world trade. Export volume could they believe rise by 8 or 7 per cent. of world trade, as it has been doing recently. This is more than twice the OECD figure.

The OECD has also assumed an unchanged exchange rate—mainly because of the technical need for consistency in forecasts for different countries. Actual British policy has, by contrast, been to manage the exchange market to maintain the competitive position of British goods.

These more optimistic considerations are not expected to have much effect on unemployment before 1977. Although Mr. Denis Healey, the Chancellor of the Exchequer, recently said he did not expect unemployment to reach 1.5m., he did not say how much less he expected the figure to be.

Indeed because of time lags, the central British unemployment estimates are probably only slightly below those of the OECD. It is customary to place a substantial range around the official unemployment forecasts and the OECD estimate almost certainly falls inside the official British range.

OECD review, Page 15  
Wholesale prices and retail sales, Back Page

## Bilbao riot police kill demonstrator

BY ROGER MATTHEWS

MADRID, March 8

A YOUNG Spanish worker was shot dead near Bilbao to-day by the paramilitary Guardia Civil as strikes in protest at the killing of four demonstrators in Vitoria last week spread throughout the four Basque provinces.

Industry over a wide area was shut down. Official sources estimated that 300,000 workers were out in the two provinces of Vizcaya and Guipuzcoa alone. Clashes between demonstrating workers and police were reported from several places.

At the worst clash, in Basauri, a suburb of Bilbao, the Guardia Civil opened fire on a group of workers after they had allegedly been pelted with stones. An 18-year-old was hit in the head and died later in hospital. Several others were reported to have been hurt.

Demonstrators shouted "Police Assassins" as the specially-trained riot squads, equipped with tear gas and rubber bullets to disperse groups, several thousand strong.

To-night, the situation deteriorated further in the Bilbao area with workers throwing up barricades in different parts of the city. Police were in constant action and three were hurt, one seriously, when their vehicles were stoned in the port area of SanTURE.

The noise of tear-gas and smoke-bomb grenades being fired echoed through many parts of the city with tension running at a high level.

Semi-official sources added that at least 30 people had been arrested and that an increasing number of bars, shops and restaurants had closed either in support of the demonstrators or due to threats from militant and violence is certain to exacerbate the situation.

The entire Bilbao industrial belt was hit by stoppages, with some management sitting at their desks without lights in order to avoid "crossing" the pickets. These were similar to the stoppages in Vitoria, where riot police also patrolled in large numbers and occasionally went into action against demonstrators.

Many schools were also closed and suburban shops opened only for the first hour.

Almost the entire workforce of Vitoria in the province of Alava, some 45,000, resumed the strike which had paralysed the town for much of last week. The many thousands attending the funeral service for the fourth worker shot were handed leaflets stating that the clandestine group of military officers known as the UMD supported their stance.

Officers and banks in many parts of the Basque country also closed in the course of the mourning. Many schools, the police officer ordered workers back to their jobs at gunpoint outside a large office block in Bilbao and

This further spate of unrest and violence is certain to exacerbate tensions within the Government, which is already divided over the response it should make.

While some Ministers believe the transition from over three decades of authoritarian rule must inevitably bring a slight degree of instability, others think that more positive action must be taken soon to halt the activities of what they see as Communist-inspired agitators.

There is also particular concern among the Economics Ministers about the effect the troubles will have on the country's industrial performance, in the wake of the 11 per cent. devaluation of the peseta, and on the possible damage to tourism.

Officers Court Martialled, Page 7

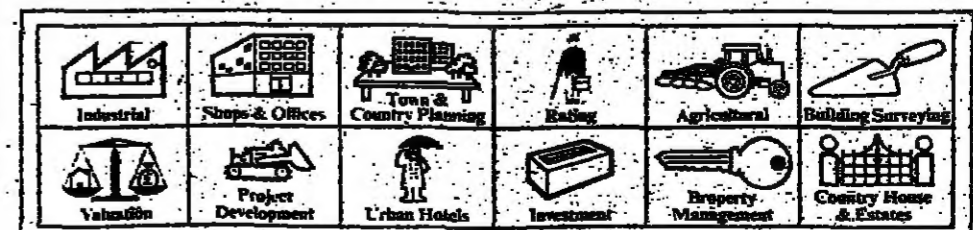
### £ in New York

March 8 Previous

	Spot	1 month	3 months	6 months	12 months
\$1.9400-9450	\$1.9370-9700	0.85-0.90 cts	0.85-0.90 cts	0.85-0.90 cts	0.85-0.90 cts
0.85-0.90 cts	0.85-0.90 cts	0.85-0.90 cts	0.85-0.90 cts	0.85-0.90 cts	0.85-0.90 cts
7.00-8.00 cts	7.00-8.00 cts	7.00-8.00 cts	7.00-8.00 cts	7.00-8.00 cts	7.00-8.00 cts

# The symbols of service

### A Selection



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er their chamber-orchestra of Ives's fourth symphony was 'dour' at St. John's, Square, on Sunday evening. The full Boston Symphony Orchestra came together at the at Hall last night under music director Seiji Ozawa's programme of Brahms's symphonies.

orchestra on international avel, and the bewildering of different halls, dif- acoustics, inevitably take toll of the special music- s that come from relaxed, the music-making is a ar place. To read and to stand the physical impu- s of, the last leg of the sian's present schedule—in onoured American style: urg on Friday, London ap- y and Monday, Bonn, r and Paris on Tuesday, eday and Thursday—is to marvel at the very of any players in such nances to produce any of performance at all.

perform the Brahmsians and if not unfadingly at sharpest and best, as we it from other days, and records, often magnificently hardly necessary to report hey have all the attributes art-class orchestra: creamy, sed horns, flashing trum- and trombones, agile wood- strings exceptionally warm, splendid 32nd-note garlands uned and responsive in all tments. But for these silver soloists, a serene place is alone, their performance of coda.

enwood  
La Dernière Bande  
by GARRY O'CONNOR



Chabert in 'La Dernière Bande' (left) and L'Hypothèse (right)

new Festival of Contempo- reat Theatre opened last (Press preview was last- y) at the Greenwood, near a Bridge—the theatre benefit from better sign- g—with Pinguet's L'Hypo- and Beckett's La Dernière (Krupp's Last Tape), interpreted by the troupe. el Beckett has directed his play so there was little ee of him seeing it into enwood Theatre, and the work is closely akin to another Bande. It too is an author wrestling with n creative processes.

La Dernière Bande comes over better piece (though less ally played by M. Chabert, a cunning use of the tape er as second character in ologue, it generates strong- mes, comic, tension, be- past memory and present n. It has less despair than e other work—expanding es generously into grie- es visually dramatic, s on the peel, banging his in the lonely lamp sui- over the table cluttered, ape recorder and tapes; ner plays it more softly y and though the piece y interwoven sadness and glory, it is beautifully with feeling for its t and cadence, there is not tirelessness, the narra- ics, we often associated teat. Chabert makes us trate entirely on sense- casing, one is much of wishful signal (as in the direction, the responsive we saw in Finney's per- ce at the Court). M. t's performance becomes rthor's voice, naked and ned.

et's piece is a mind-teaser theatre, incidentally, is ed with simultaneous ion service, and limited (ries). Chabert performs, ctively, with tremendous and charm. He is beauti- lly, the prop- has a table, but the tape placed by innumerable of paper which he scatters the stage, crumpled n his hand, dropping one

sheet at the very end into a crooked stove whose wailing (Press preview was last- y) at the Greenwood, near a Bridge—the theatre benefit from better sign- g—with Pinguet's L'Hypo- and Beckett's La Dernière (Krupp's Last Tape), interpreted by the troupe. el Beckett has directed his play so there was little ee of him seeing it into enwood Theatre, and the work is closely akin to another Bande. It too is an author wrestling with n creative processes.

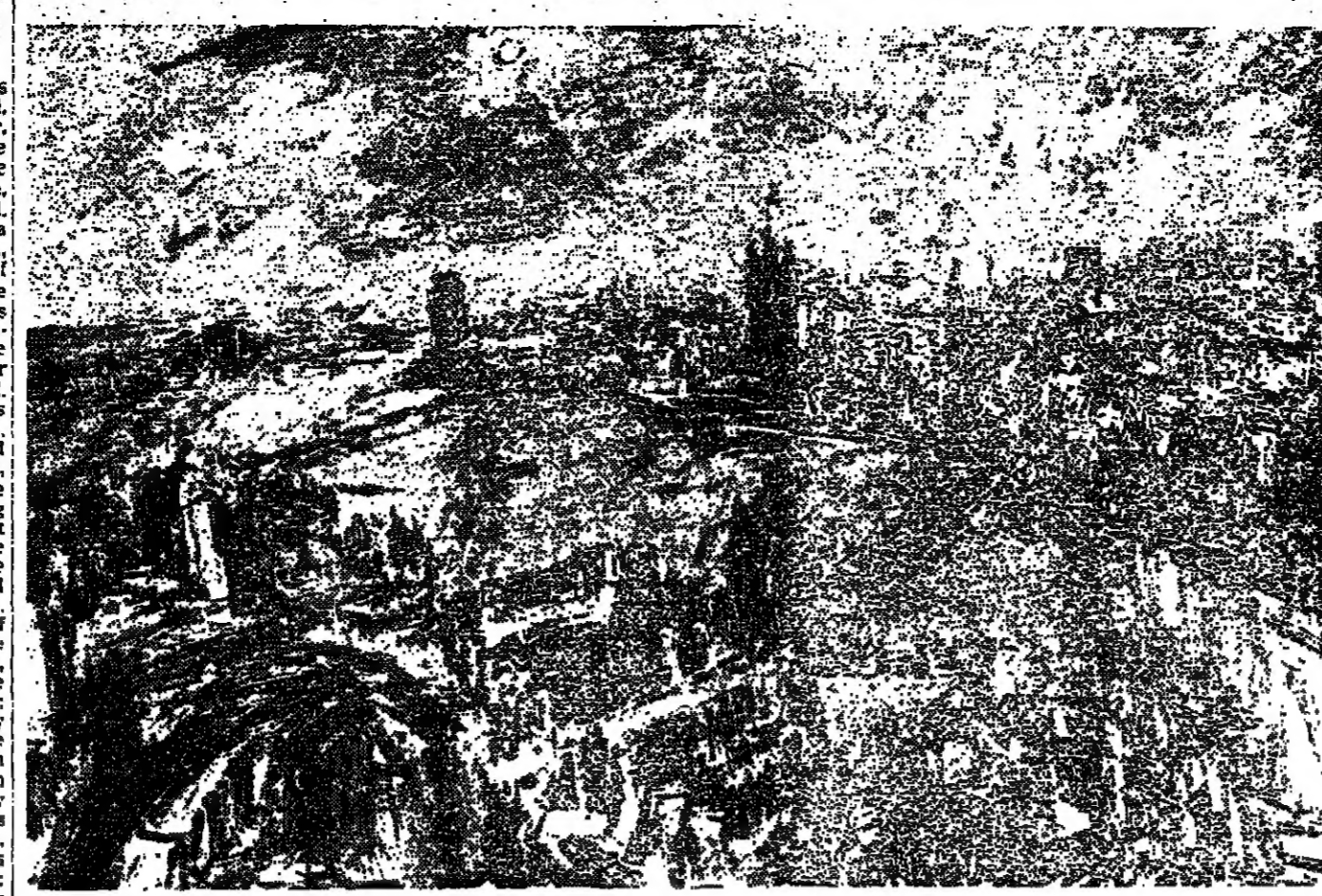
Montreal Symphony Orchestra's debut in London  
The Montreal Symphony Orchestra will visit London for the first time in May. Their concert will take place at the Royal Festival Hall on Wednesday, May 26, under the direction of Rafael Frühbeck de Burgos. Canadian artists, contralto Margaret Fennell and pianist Ronald Turpin will be the soloists.

Belgian international music competition  
Participants have been issued of the Queen Elisabeth International Music Competition for 1977. Prizes of 150,000 Belgian francs are offered for a work for symphony orchestra, a work for chamber orchestra and a work for string quartet. Scores must be submitted not later than March 15, 1977.

Full particulars may be obtained from the Executive Committee of the Queen Elisabeth International Music Competition, 11 Rue Baron Horta, B-1000 Brussels, Belgium.

NY BRITTON  
ER JILL  
THE MELFORD  
THE  
HAIRMAN  
PHILIP MCKEY  
GLOBE

Marlborough Fine Art  
Imagery and life  
by DENYS SUTTON, Editor of Apollo



Oskar Kokoschka: View of London with the Houses of Parliament

This month Oskar Kokoschka has celebrated his nineteenth birthday and to mark the occasion a small exhibition of his landscapes and cityscapes is being held at the Marlborough Fine Art. This show also includes a remarkable and revealing self-portrait which is a reminder that during a long career, human nature has always fascinated him. There is nothing abstract about Kokoschka's attitude to art or life; he is a man of intense feeling which is communicated in the richness of his paint.

His skill and insight as a portraitist was revealed early on and in the years just before the First World War, he painted a number of searching portraits in Vienna, Berlin and Switzerland. Those of his friend Adolf Loos, the architect and a warm and understanding friend, Herwarth Walden and the Duchess de Rohan-Montesquieu are the most brilliant psychological portraits of the century.

Fortunately much information about the circumstances of Kokoschka's early life is contained in his autobiography *My Life* (German edition, 1971, English edition, Thames and Hudson, 1972), a revealing and often very amusing book, which shows the author's literary ability. It includes interesting passages about Loos, Peter Altenberg, Kraus and Trakl, men who made Vienna one of the major centres of the modern movement in the years before 1914.

Some recent studies of this period have been unnecessarily harsh about Imperial Vienna. One agreeable aspect of Kokoschka's book is that it brings out some of its good sides; for instance, he points out that the Emperor Franz Joseph was a patron of the painter Romako and the composer Anton Bruckner, and rightly asks: "What potential in our time has done as much for the sake of culture?"

Kokoschka went to Berlin and worked with Walden, helping him to produce *Der Sturm*, a famous avant-garde review. He mixed in the exciting artistic world of a powerful and dynamic capital and found considerable pleasure in visiting the circus. Fortunately, his work caught the attention of Paul Cassirer, the well-known art dealer, and from then on he was able to earn his living by his art.

Good humour radiates his book and a certain irony marks his description of his celebrated and dramatic affair with Anna Mahler and his service in the army during the War: he was a cavalry officer and was wounded. The end of the War found him in Dresden, where he taught at the art school and painted one of his most remarkable pictures, *The Woman in Blue*, which was the portrait of the life-size doll that he kept by him.

Kokoschka had begun to paint landscapes in his early Vienna days when he accompanied Loos to stay with Von Lieben, the patron of Peter Altenberg, who had an estate on the Plattensee, a lake on the Austro-Hungarian border. Shortly afterwards he found a challenging motif in the Dents du Midi, Switzerland, and thereafter he was fascinated by the perspective of mountains.

His love of landscape and cityscape appeared again in the 1920s and the earliest picture in the exhibition is a view of Dresden, dating from 1925. It was not surprising that the chance of living in this then enchanting example of Central European baroque should have inspired him with a desire to express the mood of cities. Owing to the financial support of Cassirer he was able to make trips in Europe and the Near East, some account of which appears in his autobiography.

He fell in love with London and was fascinated by its then position as an imperial centre and by the world trade that flowed up the Thames. He was to return to England when the spread of Nazi power made it dangerous for him to remain in Prague. Later he became British. The quality of London light has often fascinated foreign artists—Canaletto, Monet, Derain and

Elizabeth Hall  
Gotkovsky/Glock  
by RONALD CRICHTON

Some concert promoters, seemingly afflicted with a form of South Bank snobbery, would apparently rather see a small audience meagrely filling the Elizabeth Hall for chamber music than the same number of heads decently populating, say, the Wigmore, where the music would sound better and every one, surely, would be happier. There can't be many duo teams guaranteed to fill the QEH. Those who don't fill it deserve to be heard under more favourable conditions than black, empty rows of seats facing a stage.

Last night's good sonata recital by Neil Gotkovsky and William Glock was poorly attended, and as a result the hall was doing its utmost to fuz the piano tone, a pity, since even now that he has long shed his BBC responsibilities we don't have many chances of hearing Sir William as a pianist. He was on this occasion a modest partner to a violinist whose beautifully compact, plangent tone, produced from an instrument of rare excellence, has little need of extra tact on the part of the pianist, at times, during the Mozart E flat Sonata, (K 360) at the beginning of the programme, one felt like exclaiming: "How nice to hear a good oboist without a wobble."

The trouble with keeping the piano down in this hall is that the middle range goes cloudy and the merest touch of pedal blurs too much. It was strange to hear Stravinsky's Duo Concertant, which in its youth appeared as the pinnacle of neo-classical dryness, sounding positively Keatsian with Miss Gotkovsky playing *con amore* (in spite of his inhibitions about combining violin and piano tone, Stravinsky wrote splendidly for both instruments) and Glock delicately washing in the piano part that once seemed cold as ice. The two Elogues and the poker-faced Grieg gave pleasure, as did an unusually dulcet and gentle, affectionate (less memorable anyway) was slightly negative in effect.

Schubert's Duo in A (D 574) is overstretched in a large hall without more piano tone to support the gentle, affectionate strains of the last three movements—the opening one is a different matter, and here the players were more closely joined. They ended as they began with a Mozart Sonata, K 377 in F dates from the same year (1781) as K 380, heard earlier. Each sonata is graced with an outstanding slow movement. K 377 has a set of variations in D minor, with a Siciliana which is cousin to the one in the String Quartet in that key. The sad, G minor *Andante con moto* of K 380 is curiously like Beethoven's song in Rossini's *Otello*. By the time they reached K 377, the piano was more forthright, if not fully asserting its rights.

The Queen's contribution to Stratford appeal

The Queen has presented a silver cup to be sold at a charity auction in aid of the Royal Shakespeare Theatre Centenary Appeal, to be held at the Mansion House in the City of London on Wednesday evening, April 21.

The silver cup and cover, inscribed with gift, was originally made for King George III in 1805 by two silversmiths to the East India Company. The Prime Minister, who has taken a personal interest in the Appeal, has also agreed to donate an item to the auction.

Other valuable objects d'art have already been given to the auction, which will be conducted by Sotheby's. These include a hand-crafted crystal chalice, designed and made by Royal Doulton; a Collectors' Edition of Shakespeare's sonnets, with an introduction by Dame Peggy Ashcroft and autographed by members of the Royal Shakespeare Company; a Bohemian glass vase, engraved with a view of the theatre; and two Staffordshire china plates from the Stratford Town Council.

The auction will be preceded by a dinner for 200 invited guests at the Mansion House.

Film repertory at the Curzon  
The film repertory season announced by the distributors Seven Keys in January is to take place at the Curzon Cinema. The films are *Bulfinch, A Delicate Balance, The Maids, The Homecoming, Luther, Galileo and Celebration*. They will be presented for one night each, opening on March 11, and then separately for two weeks each.

Radio 3  
Rudolf Firkusny  
by MAX LOPPERT

Yesterday's lunchtime recital, broadcast live from St. John's, Smith Square, brought back to London Rudolf Firkusny, the distinguished pianist who is the leading exponent of Janacek's piano music. Only one piece in the programme took advantage of this unique authority and distinction: the Sonata subtitled 1 October 1903, the two-movement lament for a murdered Czech working man that is also a musical meditation of haunting passion and power, the more affecting for its concise angularity. Though few Janacek piano performances have been given in the concert hall this past year, those few have been sufficient to highlight Mr. Firkusny's awesome mastery of the style by comparison with other, less searching performers. The jagged phrases were cut with burning rhythmic attack; more important, there was a wide range of tonal colour, and a willingness to dwell on and draw out the strange (that once appre-

Jazz at the Shaw

As part of this year's Camden Music Festival the Jazz Centre Society is presenting six concerts in association with the London Borough of Camden. All will be held at the Shaw Theatre starting at 8 p.m. and open on Monday March 15 with a concert starting American saxists Wayne Marshall and Lee Konitz, accompanied by bassist Peter Ind and drummer Al Levitt.

On Tuesday, composer Mike Gibbs will direct The Tini Chrome Waterfall Orchestra, which is also the name of his latest album. *Trombone Tones* is the title of Wednesday's concert which is topped by German trombonist Albert Mangelsdorff and his quartet plus the Malcolm Griffiths Quintet. This concert will be presented in association with the German Institute in London.

Some of the Tenor on Thursday sees the appearance of American tenorist Bud Freeman and soprano saxist Bob Wilner along with Bruce Turner on alto, Keith Ingham, piano, Peter Ind, bass and Bobbi Orr, drums.

Friday night is devoted entirely to The Trio—John Surman, sax and bass clarinet, Barre Phillips, bass, and Ed Martin, drums. The closing concert on Saturday is *Tough Tenors*—Eddie Lockjaw Davis and Johnny Griffin plus rhythm section and, making his first London appearance, Randy Weston, solo piano.

New works by Britten

Benjamin Britten has completed a new string quartet, his third. The new work, which is five movements with a duration of some 27 minutes, marks a return to the string quartet medium after 30 years. His String Quartet No. 3, Op. 94, was written for the Amadeus Quartet and will be first performed by them at the Snape Maltings in December.

Two other new works of Britten will be heard at this year's Aldeburgh Festival and elsewhere. The first is *A Birthday Message*, for voice and harp, which will be performed at the Snape Maltings on June 17 and later at the Edinburgh Festival. A Birthday Message is a cycle of Burns settings, written at the special wish of The Queen for her mother's 75th birthday in August 1975. The first public performance of the work in this country will be given by Peter Pears and Osian Ellis at the Cardiff Festival on March 18.

For Janet Baker Britten has written a dramatic cantata for voice, string orchestra and percussion. The title of the new work is *Phaedra*, a setting of excerpts from Robert Lowell's translation of Racine's play. The cantata will be first performed by Dame Janet with the English Chamber Orchestra at the Snape Maltings on June 18.

'Gaslight' for Criterion

*Gaslight*, the Victorian thriller by Patrick Hamilton, will open at the Criterion Theatre on Wednesday, March 24, starring Anton Rodgers, Peter Vaughan and Nicola Pugh. Previews commence on March 17.

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## WORLD TRADE NEWS

## BP and National Iranian form joint tanker fleet

BY ROBERT GRAHAM

AFTER ALMOST one year of detailed negotiations BP and the National Iranian Oil Company (NIOC) have signed an agreement here today establishing a joint tanker fleet.

By selling three VLCCs and two product carriers and pooling the same number from BP's own fleet, the tanker company will have at its disposal a 1.3m. dwt capacity for carrying crude.

## Berlin tourism conference draws 5,000

WEST BERLIN, March 8. REPRESENTATIVES from 14 countries and regions gathered in West Berlin for the international tourism exchange, which closed at the weekend.

## FINLAND AND COMECON

## Helsinki's eastern markets

BY WILLIAM DUFFLOR, NORDIC CORRESPONDENT

FINLAND has a unique trading position: it is the only country to have agreements with both the EEC and Comecon and the only market country to operate free trade agreements with Comecon countries.

Finland's trade with the EEC grew by 17.5 per cent last year to £1,610m. (US\$1.1bn), while its deliveries to the EEC declined by 18.5 per cent to £1,270m. Imports from the East grew by 2.7 per cent to £1,580m. against a decline of 8.9 per cent to £1,030m. for EEC imports.

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TEHRAN, March 8.

213,000 dwt. These three tankers were built in 1971-72. The two product carriers are 35,000 dwt each, as are the two pooled by BP. They will all be leased on long charter to a new 50/50 company, Irano British Shipping.

BP has also undertaken to provide the necessary training and back-up facilities. More important, an unwritten part of the agreement which will ensure the success of the deal, is legislation shortly to be introduced whereby Iranian crude be shipped in vessels of the joint company. This is similar to an arrangement BP and Gulf made with the Kuwait Oil Company in December, whereby both companies were obliged to charter existing tankers belonging to the Kuwait Oil Tanker Company.

The deal has neatly fitted both companies' requirements. BP has a large surplus of tanker

tonnage because of the depressed oil transport trade. NIOC, on the other hand, is anxious to build up its own national tanker fleet.

The agreement comes at a time of considerable strain in relations between the oil companies and NIOC over reduced oil prices. This it is considered significant that it should have been signed now. BP chairman, Mr. David Steel, came out here to sign the agreement, accompanied by Mr. John Suteiff, who has been the main negotiator for the oil companies. In their dispute there has been no indication yet as to whether he has brought a new series of proposals over renegotiating the 1973 agreement which governed liftings and investment in Iran. However, observers believe that some progress might be made. The Iranians for their part are anxious to settle the matter before the end of their financial year on March 21.

## Kenya, Sudan road to bypass Uganda

BY JOHN WORRALL

NAIROBI, March 8.

A KENYAN dream is to be realised with the building of a highway to the Sudan. This was announced by the Kenyan and Sudan governments last week when a high-powered trade mission led by the Kenyan Foreign Affairs Minister, Dr. Waiyaki, visited Khartoum and Juba, the capital of the South Sudan.

The road is to join Khartoum with Juba and traverse the narrow 100-mile strip of border between the two countries west of Lake Turkana (formerly Lake Rudolf). Dr. Waiyaki said this week-end "we agreed to start work on the road as a priority project. We are also going to establish a direct telephone link with the Sudan, and had discussions on the building

of a railway. Both the road and the railway are to bypass Uganda."

The road will give the South Sudan direct access to Khartoum, thus overcoming some transport problems between Khartoum and Port Sudan. The Kenyans and the Sudanese are to set up a feasibility study on the proposed railway into motion immediately. The new highway will be of great value in developing the fertile South Sudan, which was set back by a 17-year civil war.

The present road link between Kenya and the South Sudan goes "through" Uganda, but is little used because of the security risks posed by the undisciplined army in Uganda.

## Deadlock at textile talks brings Seoul hint

By Kim Yang Soo

SEOUL, March 8.

The South Korean Government today strongly hinted a ban on imports of Japanese textile machinery as an initial retaliatory move against Japanese refusal to accept a South Korean plan on the controversial issue of South Korea's silk shipments to its neighbour.

This indication by Seoul came at the end of three-day talks in Tokyo where officials of the two countries failed to break the deadlock that stemmed from a request by the Japanese Government for Korea to cut its shipment of raw silk to a yearly level of 10,000 bales and thrown silk to 2,000 bales a month during the 1976-1977 period.

Japan accounted for a lion's share of 70 per cent of South Korea's total textile machine goods, worth about \$167m. last year. Officials of the South Korean Ministry of Commerce and Industry also revealed that the proposed import ban could be extended to other items.

Other sources, however, discounted South Korea's chances of actually taking the retaliation, pointing out that Seoul was counting on more Japanese funds to finance its key industrial projects. One important project involves a loan of about \$300m. from Japan's Exim Bank, which South Korea expects to receive in the future to complete the projected expansion of its integrated steel plant and construction of new petrochemical plants.

Officials of the two governments are scheduled to meet again in Seoul toward the end of this month to continue the negotiation.

## Kissinger at centre of a new 'leaks' controversy

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, March 8.

DR. HENRY KISSINGER, the Secretary of State, is now in the middle of yet another controversy concerning the leak of classified Government material. But on this occasion the affair has something of a new twist.

The current issue of Foreign Policy, the respected journal covering international affairs, contains a long article detailing Dr. Kissinger's personal conduct of U.S. policy in the Middle East in the year following the 1973 war in the area.

Unlike many of the other journalistic "scops" of late, which have suggested that the Secretary of State has been less than straightforward in his dealings with President Ford, the article highlights Dr. Kissinger's abilities as an imaginative and tireless negotiator. "The October war," the author, a research fellow at the Harvard Centre for International Affairs, writes, "revealed Kissinger at the apogee of his skill."

However, this morning, Mr. William Safire, a conservative columnist on the New York Times and former member of President Nixon's White House staff, claimed that the basis for the article was a selection of secret documents that had mysteriously found their way into the hands of the author, known, according to Mr. Safire, as his pro-Arab sentiments.

President Ford has already asked for a new law making a crime of passing on to Federal employees of classified information and today the State Department, confirming that the leak had taken place, promised to take unspecified disciplinary action against those who had

engineered it. The Department added that Dr. Kissinger had not been the source, though the author of the article had interviewed a number of Department officials, including the Secretary of State himself. The spokesman motives, though two obvious reasons come to mind: that they were designed to boost Dr. Kissinger's flagging reputation by recalling one of his greater triumphs, or that this is a way of conveying a message to the Arab leaders, most notably President Sadat and the late King Faisal, along with current American diplomacy in the Middle East.

But, as seen from Washington, the issue is whether Dr. Kissinger may leak with impunity while others who participate in the leaking of less favourable information run the risk of being pilloried for their actions.

## Israeli suspicion grows

BY L. DANIEL

TEL AVIV, March 8.

It is pointed out here that the aircraft are exactly what Egypt would need should another war break out in order to draw quickly on the arsenal of arms bought by Arab states, so far not directly involved in war with Israel.

In Washington, President Ford said that plans to sell the six Hercules aircraft to Egypt would not upset the military balance between Egypt and Israel. U.S. policy, he said, was one of "trying to see that each country, Israel and its Arab neighbours, have a responsible balance between their military capabilities."

## Key Florida primary test today

BY DAVID BELL

PANAMA CITY (Florida), March 8.

THE FLORIDA primary tomorrow is likely to have a critical effect on the fortunes of both Mr. Ronald Reagan, who is challenging President Ford, and Mr. Jimmy Carter, the Georgia Democrat who has made most of the running so far but has not yet won enough votes to do well here if his momentum is to be maintained.

President Ford's campaign staff believe that Florida will be the first of two fatal blows to the Reagan campaign with the second coming next week in Illinois.

Aware of the growing support for the President, Mr. Reagan has abandoned his "eleventh hour" strategy, that one Republican should not attack another in favour of a last-minute onslaught on the "Fur-Kissinger" foreign policy and the establishment buddy system in Washington. He still has a strong following here, but most undecided Republicans, the majority of the voters, are now leaning to the President, echoing his commercial which urged them to stick with Ford now that the worst is over.

The Democratic race is more difficult to assess. Governor Wallace of Alabama, who won a massive 42 per cent of the primary vote in 1972, has been drawing large crowds particularly in the north of the state. But busing, the issue on which he seized four years ago, is now largely accepted here, and his health is clearly a major factor.

For Jimmy Carter, the former Governor of Georgia, the last weeks of the campaign have been uneasy. He was caught by Senator Jackson's victory in Massachusetts and he has been under constant attack since then from the Senator for "talking out of both sides of his mouth at once," a charge which he has been angrily replying that he has the advantage in a Southern state of being from the South and a strong organisation built up painstakingly over the past year. There is an outside chance that he will win, but he will be happy to close a close second to Wallace.

How well both of them do, however, hinges on Senator Jackson, who professes no "in-world," and there are the Mellons, the Rockefellers and the Forde

## Concorde decision soon

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, March 8.

A FEDERAL District judge here promised today to decide by the end of this week whether or not to grant preliminary injunctions to that would stop the Anglo-French Concorde from using Dulles Airport near Washington and J. F. Kennedy Airport in New York.

Judge Barrington Parker appeared to hint that he doubted that he had the authority to hear the case. The suits in question are being brought by London and Fairfax counties, which embrace Dulles and Nassau county, to stop JFK. They seek to overturn the Transportation Secretary William Coleman's ruling, made last month, granting Concorde a 16 month trial period for flights to the two airports, principally on the grounds that Mr. Coleman was not empowered to make such

## Hughes rejects SEC summons

BY GUY DE JONQUIERES

NEW YORK, March 8.

MR. HOWARD HUGHES, the multi-millionaire industrialist, has again rejected a summons to put in a public appearance. He failed to appear this morning at a hearing of the Securities and Exchange Commission in Washington, to which he had been called to answer questions about his takeover of Air West, a small Californian airline, in 1968.

He sent in his place a lawyer, who argued that Mr. Hughes did not need to appear because he

## Consumer credit

Consumer credit rose by \$1.23bn in January, seasonally adjusted, after an \$894m increase in December, the Federal Reserve Board said today in Washington. This was the largest one-month increase since the \$1.48bn rise in August, 1974. Total credit extended in January was \$16.25bn, compared with \$15.25bn in December.

## Argentine strike

Some 30,000 workers in the Argentine motor industry went on strike yesterday in protest against a 16-month "state of economic emergency" writ by President Alejandro Portillo. The walkouts came as the powerful General Labour Confederation began talks on the emergency programme, which included big fuel and food price rises and an all-round 12 per cent wage increase followed by a six month freeze.

## Reserves go up

Venezuela's international monetary reserves were estimated at \$8.33bn for the end of January, according to Venezuelan Central Bank statistics. This is an increase of \$470m, compared to January, 1975, writes Joseph Mann from Caracas.

## Factories reopen

Factories reopened and transport services returned to normal yesterday in Aragona, Peru's second largest city, after labour leaders called off a five-day-old strike. The week-end, Reuters report, Union officials said that the strikers agreed to return to work after the Labour Minister promised to discuss the demands which include scrapping a wage freeze.

## Baroness dies

Baroness Philippe de Rothschild, the American-born wife of Baron Philippe de Rothschild, died of a heart attack on Sunday night, UPI reports from San Francisco. Baroness de Rothschild was 62 years old. She was married to Baron Philippe de Rothschild in 1924.

## Barnett on Board

President Ford said he will nominate Robert S. Barnett, who has been deputy to the Federal Deposit Insurance Corporation chairman since December, 1974, to the FDIC Board for a six-year term. AFDI reports from Washington.

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## EUROPEAN NEWS

## EXCHANGE RATES AND EXPORTS

## Some float, some sink

BY NICHOLAS COLCHETER, BONN CORRESPONDENT

A TABLE of figures tucked away in the February report of the West German Bundesbank does much to explain the current weakness of sterling, the French franc, and the U.S. dollar, and the persistent strength of the Deutsche Mark. The figures demonstrate that the underlying international competitiveness of a nation's industry, or a special source of national wealth, ultimately weigh the temporary forces of intervention and speculation in establishing the value of a nation's currency.

It is a measure of the Bundesbank's objectivity that it produced statistics which so clearly prompt what its Government are anxious to avoid—a revaluation of the Mark relative to other currencies.

A shortened version of this table is reproduced here. The first two columns show the inflation since 1972 of the currencies of different countries expressed in their own currencies. The second pair show the changes during the same time span of the weighted value of the nation's currency against "the rest of the world." The third pair adds these ingredients together to produce what one might call "weighted change in export prices against the rest of the world."

## COMPETITIVE SHIFTS IN EXPORT MARKETS

(percentage shifts as against 1972 average)

Mean export prices in exporter's currency	Jan. 1975	July 1975	Jan. 1976	July 1976	Overall change export prices
Britain	+70	+85	-14	-21	+46
France	+48	+46	+6	+7	+37
Italy	+25	+30	-20	-20	+15
Japan	+57	+50	+2	+1	+54
Netherlands	+44	+41	+14	+11	+60
U.S.	+63	+66	-4	-4	+61
West Germany	+27	+28	+22	+17	+55

Weighted relative to all other currencies. 1 July-November average. 1 July-December. The figures are taken into account twice over for the distortion in the view of the Bundesbank is unlikely to affect greatly the evidence of the third columns.

The base year of 1972 is arbitrary, and it would be impossible to claim that international exchange rates were any more linked to economic reality at that time than they are today. Yet the table, which deals in changes and not in absolute values, in some ways confirms its own validity. It is remarkable—some would say natural—how the widely differing changes of export prices expressed in their home currencies and those of parties add up to similar results in the final column.

Thus Britain offset 85 per cent. export price inflation between 1972 and the 1975 third quarter with a fall of the exchange rate by 21 per cent. West Germany had only 28 per cent. price inflation but a 17 per cent. increase in the world value of its currency over the same period caused its adjusted export prices to increase by much the same amount as Britain's.

There is also consistency in the recent behaviour of exchange rates and the development of the competitiveness of different

countries buying with credit—the emphasis now, for a variety of well-known reasons, is shifting back to industrialised countries where price competitiveness is more important and where domestic industries need to be protected. Exports to America, for example, picked up strongly in the second half of 1975. The consequences for the Deutschmark's parity with other industrial currencies is only logical.

The Bundesbank figures are illuminating, but they are also history. The question today is whether the recent weakness of sterling has been sufficient to correct the inflationary imbalance and to discount a continued disparity in the rate of inflation in Britain and Germany. At the moment, the level of the Deutschmark's parity with other industrial currencies is still in the middle of 1972 of about 33 per cent. This suggests that it has already undergone a significant further correction since the third quarter of 1975. It is in analysing movements in the recent past and projecting

fall as Britain and France headway against their own monetary problem. Britain's instance has put its currency of inflation at an annual per cent., but West Germany has come down to around cent.

The Berlin economic institute compared the unit labour cost of different countries at the end of 1975. It found that in 1975 the rate in these countries expressed Special Drawing Rights 1974 was 10.5 per cent. for many, 28.5 per cent. for Britain, 18 per cent. for France, 15 per cent. for Germany, 10 per cent. for Italy, 8 per cent. for Japan, 7 per cent. for the Netherlands, 6 per cent. for the U.S., 5 per cent. for Sweden, 4 per cent. for Switzerland, 3 per cent. for Denmark, 2 per cent. for Norway, 1 per cent. for Austria, 0 per cent. for Belgium, -1 per cent. for Luxembourg, -2 per cent. for Greece, -3 per cent. for Portugal, -4 per cent. for Spain, -5 per cent. for Ireland, -6 per cent. for the United Kingdom, -7 per cent. for the Federal Republic of Germany, -8 per cent. for France, -9 per cent. for Italy, -10 per cent. for Japan, -11 per cent. for the Netherlands, -12 per cent. for the U.S., -13 per cent. for Sweden, -14 per cent. for Switzerland, -15 per cent. for Denmark, -16 per cent. for Norway, -17 per cent. for Austria, -18 per cent. for Belgium, -19 per cent. for 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Luxembourg, -1010 per cent. for Greece, -1

# Sink Giscard setback as Left dominates cantonal polls

BY RUPERT CORNWELL

PARIS, March 8.

ANGE'S Union of the Left, in particular the Socialist Party of M. François Mitterrand, emerged vastly reinforced in yesterday's first round of the nationwide cantonal elections.

With practically every result in Left-wing candidates won 56 per cent of the votes, a trend which if anything is reinforced in the second round of the elections of 1976, would mean the Communist and Socialist alliance to win.

What all important test for the Left is the cantonal elections, some way off, and the national elections which involve the general election in France's 89 Departments (except Paris) are not normally considered of great importance.

Those of this year, however, have been deliberately built up to a major event by a Leftist party of its mounting popularity. The tactics paid off: a turnout of 85 per cent, the 16m. eligible voters, the highest proportion since 1958.

The outcome of the first round confirms what opinion polls have been saying for some time: that the Left today would probably win a general election, that the Socialists are at the moment the most popular party, and that within the Government coalition the Gaullists are losing ground to the Independent Republicans of the President.

Equally intriguing, though, is the suggestion that the Socialists are continuing to draw support from the Left away from the Communists, despite the latter's recent and well publicised efforts to loosen their ties with Moscow and broaden their electoral appeal.

All these trends are reflected in yesterday's cantonal elections, in yesterday's poll. The Socialists overtook their allies to become the most popular party at cantonal level with 26.5 per cent of the vote. Well ahead of the Communists, who won 22.7 per cent, came the Gaullists with 10.8 per cent, and the Independent Republicans with 8.5 per cent. The grand total for candidates broadly under the umbrella of the present Government was less than 44 per cent.

In immediate terms, the practical changes will be small. Should voting patterns hold true in next Sunday's second round run-off, affecting some 800 cantons where no outright winner appeared yesterday, the chances are that the majority will lose control of general councils in eight or so Departments.

However, for all the efforts by the Government camp to play down the significance of such mid-term elections where real power is not at stake, the results are at the least a sharp warning for the President.

The policy of his opponents to turn the vote into a test of the administration's popularity has been handsomely vindicated by the high turnout, swollen admittedly by the first-ever appearance of 18-year-olds in voting booths.

M. Mitterrand himself pointed out the setback to the majority, bailing the performance of the Left as proof that the French, and perhaps a majority of them, were condemning France's present rulers and would support the Opposition.

Of the 18 Ministers' unions yesterday, 15 won through at the first attempt but one small and ominous pointer is that a M. Wolff, Mayor of the Auvergne village of Chamalières is facing defeat next Sunday at the hands of a Socialist—despite the explicit backing of his predecessor, none other than M. Giscard d'Estaing himself.

## Socialist Congress gives no support to Moro government

BY DOMINICK J. COYLE

ROME, March 8.

THE ITALIAN Socialist Party has now ended its major congress here with a fair measure of agreement on long-term strategy, an immediate policy of avoiding many firm commitments and a general position which does not support the present uncertain minority government of Prime Minister Aldo Moro. Indeed, if anything, the future of the 24-day-old Christian Democrat administration is, as a direct result, even less secure.

The Socialists, Italy's third largest party and an essential component of any new Centre-Left government, have decided against even trying for a fresh alliance with the Christian Democrats until there are new general elections, whether prematurely or next spring as scheduled.

Thus, the timing of new elections has been handed back directly to Sig. Moro and the Christian Democrats whose own party congress starts later this month, while the prevailing mood in political circles here is that the present administration is much too weak to last until the late spring of 1977.

The long-range strategy of the Socialists is to achieve the so-called Left alternative government with the Communist Party (PCI), but Sig. Francesco de Martino, the Party Secretary, has not excluded another coalition with the Christian Democrats after the next election, a possibility which could yet be one of the factors to prompt Sig. Moro to go to the country this year, possibly in May or early June.

Such a coalition appears the only real alternative to keeping the PCI out of government, an exclusion still sought by most Christian Democrats, by many powerful institutions in the country, not least the Catholic Church, and by the U.S. What Sig. de Martino is now saying, but without the approval of the whole of his party, is that such a deal could be on, but only after fresh elections.

Conceding PCI and Socialist opposition in Parliament could, of course, bring down Sig. Moro at any time, but the Communists appear anxious to avoid premature elections, or indeed to promote a left alternative now with the Socialists: PCI policy remains the "historic compromise" or grand alliance of all the major democratic political forces in the country.

Meanwhile, Prime Minister Moro's weak Government continues in the face of mounting political scandals, not least the reported Lockheed and CIA pay-offs, continuing uncertainty over the lira and the absence of any realistic measures to tackle industrial reconstruction or reduce unemployment. Equally unconvinced thus far towards achieving some control over the mounting level of public expenditure.

The U.S. Secretary of the Treasury, Mr. William Simon, had a meeting today with Sig. Paolo Baffi, Governor of the Bank of Italy, and was seen by the Treasury Minister, Sig. Emilio Colombo, this evening. He is also expected to meet with Sig. Moro and other ministers before leaving Rome on Wednesday.

Mr. Simon's visit could result in some measure of additional U.S. support for the hard-pressed lira, but neither side would comment following today's meeting at the bank. The lira, meanwhile, was traded today at 795 to the dollar, virtually unchanged from Friday's close.

## Jail terms sought for Spanish officers

By Roger Matthews

MADRID, March 8.

NINE SPANISH military officers were accused of links with the Portuguese Armed Forces Movement (AFM) and the Communist Party when their court martial opened today in barracks outside Madrid.

The prosecutor said that documents relating to both organisations had been found in the homes of the nine during raids after their arrest last summer.

Papers were also allegedly found that pointed to membership of the Military Democratic Union (UMD), a group of Spanish officers pledged to a policy of active neutrality leading to the establishment of full democracy in Spain.

Two of the officers were said to have admitted under questioning that they were members of the UMD and had attended meetings with the other seven on belonging to the UMD.

The nine, eight captains and a major, face charges of sedition for which the prosecutor is asking jail terms ranging from three to 12 years.

The trial has served to throw a spotlight on the unity of the armed forces at a time when speculation about the attitude of certain ultra-conservative generals is heightening. Senior officers, especially those within the Cabinet, have repeatedly let it be known that the army cannot tolerate any serious breakdown in law and order.

Several civilian members of the Government were anxious to have today's court martial postponed to avoid controversy, especially among younger officers, but bowed to the wishes of senior generals who argued that this was essentially an internal matter of armed forces discipline.

## W. German industrial output rises 3%

BY ADRIAN DICKS

BONN, March 8.

FURTHER EVIDENCE that the West German economy is now well into a phase of recovery came today with the Economics Ministry's latest industrial production figures, showing an overall increase in the seasonally adjusted production index of 3 per cent between December and January.

The figures issued today are provisional, and show an uneven picture. Unadjusted results actually point to a 2.8 per cent decline from December to January, though this appears to have been largely due to the already well-documented difficulties of the building sector.

However, the coalition Government, anxious to justify the course it has charted for the economy in an election year, can certainly take comfort from the January figures. In particular, they indicate a seasonally adjusted 5 per cent increase in output by the capital goods sector, a corresponding 1 per cent rise in production by the consumer goods industries and a slightly different emphasis from that placed by the latest Ipo Institute survey of business opinion.

Starting from the very low levels of demand during the summer of last year, the industry experienced an encouraging 12.9 per cent increase in domestic orders for rolled steel products, to a total of 8.2m. tons. Orders from other Community countries rose by 35.7 per cent to 979,000 tons, while those from third countries fell 14.2 per cent to 1,01m. tons.

Peine-Salzgitter saw its own order book increase by 17.1 per cent, but nonetheless its turnover remained almost 40 per cent below that of the same period a year previously.

## Polish treaty in balance

BONN, March 8.

THE WEST GERMAN Coalition Government's hotly disputed Polish treaty appeared to hang in the balance tonight as politicians in Bonn waited for a statement from the Polish Government intended to smooth the way for approval by the Bundestag's Federal Upper House, on Friday.

The Government's hopes of getting the treaties passed depend on their being interpreted publicly by Poland in a way that will satisfy two key members of the Christian Democratic opposition. There are Herr Franz Josef Roeder and Herr Ernst Albrecht, Premiers of the Saarland and Lower Saxony, whose states have enough votes in the Bundestag to block any treaty.

Both men have made it clear that they would be satisfied, for the sake of formally closing the bitter chapter of recent German-Polish relations, with a promise from Warsaw to allow all the ethnic Germans in Poland to emigrate if they wish to. The treaties in their present form guarantee this right to 125,000 people, or about 40 per cent of the estimated total.

## Société Générale de Banque (Belgium)

In an article in our survey of Saudi Arabia, published on January 12, it was stated that Société Générale de Banque (Belgium) had been removed from the list of banks authorised to receive deposits from the Saudi Arabian Monetary Agency.

Société Générale de Banque has informed us that this report was totally incorrect. The Financial Times apologises for any false impression that may have been created by the original report.

## Dassault proposes EEC cargo aircraft

By Rupert Cornwell

PARIS, March 8.

MARCEL DASSAULT, creator of the Mirage family of jets, day today, is leading the way in the EEC joint effort to build a short-take-off military cargo aircraft.

In an open letter to the weekly magazine L'Express, the 84-year-old M. Dassault—long attacked by the odd man out in the French id—argued that this was one area where the vaunted goal of European co-operation could be put into effect.

Europe's future combat aircraft needs were already well supplied with projects like the Mirage 2000, as well as their American competitors. His company had already signed significant experience with the turbo-prop Breguet 941, studies for a jet-powered successor were well underway, but Dassault suggested that, rather than himself going it alone, the one should develop together an aircraft for their own needs and export.

This appeal from a man widely considered to be a stubborn opponent of greater European aerospace integration caught observers here by surprise. However, inside somewhat cynical reactions was perhaps a reader to work closely with competitors elsewhere.

In his letter, moreover, he defended himself against charges of anti-Europeanism. His company was involved in joint projects such as the Jaguar strike craft and the Alpha jet trainer, and at least had not done others, preaching Europe and going the other way.

The Soviet Union, expects to sign test flights of its 350-seater IL86 Airbus at the end of this year, Pravda reported yesterday, according to AP-DJ to know.

The newspaper said the plane will be able to manage landing near-zero ceilings, and visibility and will have a cruising speed of 500 mph. The article did not say, however, sales, any, are envisaged.

A sea talker industrial allocation Turkish ship to steam into Aegean row.

ANKARA, March 8. TURKISH naval survey ship, Mora, will steam into the Aegean waters of the Aegean within a few days, a spokesman for the State-owned Turkish Petroleum Company said today.

He said the vessel would look for oil on the Aegean continental shelf, where both Greece and Turkey claim exploration rights since the discovery of oil in 1974.

Another Turkish survey ship, Candarli, sailed into the Aegean at the end of 1974, causing Greece and Turkey to put air forces on alert. The spokesman said that the survey ship would be escorted by Turkish warships, as the Candarli. But the servers recalled that they plans to hold military manoeuvres in the Aegean.

Political violence flared in five Turkish cities today after six days of relative calm on university campuses, reports UPI from Istanbul.

## Soames outlines his view of EEC future

BY DAVID CURRY

BRUSSELS, March 8.

EUROPE NEEDS A "strong and confident political authority" capable of steering the Community from the situation of being merely a customs union with certain elements of economic co-operation to that of being a much deeper economic union acting as a great "civilian" power on the world stage.

Defining such a union as one "providing both the transfer of resources accompanied by the strict economic disciplines which are necessary for deeper integration and the capacity actively to influence the world scene," Sir Christopher Soames declared that such a vision of European unity was necessary to prevent the danger of nationalism among individual EEC states turning inwards and feeding upon its own inversion and morbidity.

Sir Christopher was speaking in Brussels, where he received the 1975 Robert Schuman prize. His speech, intended as something of a political credo, will arouse some curiosity as a pointer to the ideas he would bring to the job of President of the Brussels Council should he receive the British Government's nomination to the post. He argued that closer union

was necessary both to pursue vital interests externally and to realise "a full measure of prosperity and social progress" for the people of Europe. These interests would be defined by "an accepted and established framework of legal, institutional and powerful structures." While a directly elected Parliament would not provide a new authority for the European union it would represent a renewed legitimacy to the obligation to develop common policies.

While emphasising Europe's technology in "the arts of peace," Sir Christopher touched lightly upon the need of Europe to make "a distinctive contribution to the assurance of its own security" within the framework of the Atlantic Alliance. However, he saw Europe's activity in the near future at least defined largely in economic terms.

Although espousing the cause of broader unity, Sir Christopher spelled out carefully that he saw European policy emerging largely as a synthesis of national policies. The emphasis of the speech is on more disciplined co-operation rather than upon news transfers of powers from a national to Community institutions.

## Danish parties to agree defence costs

BY HILARY BARNES

COPENHAGEN, March 8.

A NEW multi-party agreement on defence costs is expected to stabilise Danish defence expenditure at the current level, in fixed price terms, for the six years 1977-82.

Five parties are working towards an agreement, and observers expect them to conclude a deal before the summer. The parties involved are the governing Social Democratic Party, the Liberals, Conservatives, Christian People and Centre Democrats. These parties have 119 out of the 172 members of the Folketing, and the agreement might also receive backing from a majority of the tax protest Progressive Party.

If an agreement is concluded it would replace a current four-party agreement between the Social Democrats, Liberals, Conservatives and Radicals. The latter group, which has traditionally pursued an anti-militarist line, is apparently wavering on this occasion, and other parties are not prepared to make concessions to it. The current agreement ended a long period of uncertainty over the country's defence spending following sweeping reforms proposed by the Social Democrats in 1971.

The defence budget for the coming fiscal year is Kr.5.1bn, about 7.2 per cent of total budget expenditure and approximately 24 per cent of forecast GNP.

The climate for concluding an unchanged defence budget has been improved by recent reports of substantial increases in Warsaw Pact air and sea and military activity in the Baltic.

The Ministry of Defence has this month introduced stricter regulations governing the presence of foreign warships in Danish waters. Under previous rules foreign warships could pass through Danish waters and anchor in them for up to two days. In future, permission will be required before ships can enter Danish waters. This follows incidents in which East bloc ships have been closed close to the coast in order to follow Nato exercises. The new regulations will not of course apply to international waters in the Sound and the Great Belt.

ANY ECONOMIC recovery programme in Portugal is almost bound to be accompanied by a further increase in the rate of inflation, according to a delegation from the Confederation of Portuguese Industries now visiting London.

Speaking at a briefing at the CBI, Mr. Antonio Vasco de Mello, President of the Portuguese Confederation, said that current forecasts of the likely rate of inflation in Portugal ranged from 50 per cent per annum to as much as 100 per cent per annum.

One factor in the inflationary equation, he said, was the massive increase in the money supply. Between 1973 and the end of 1975, the value of notes and coins in circulation had more than tripled, from the equivalent of \$1.1bn to \$3.7bn, while the volume of commercial paper redemptions at the Central Bank had risen by a factor of 12, from \$290m. in 1973 to \$3.9bn. this month.

A large part of the increase in the money supply, he said, took the form of bank credit to companies which were faced with heavy wage increases, but were unable to cover their extra costs by raising prices. Thus even if

the growth in the money supply were to be contained, according to Mr. Vasco de Mello, there would have to be a corresponding unfreezing of prices, since many companies would be bankrupt were it not for the steady growth in bank lending.

Politically, Mr. Vasco de Mello claimed to see the "first glimmer of hope" in events since the crushing of the Left-wing uprising in November. Without forecasting the results of the forthcoming elections, he said that the best outcome would be somewhat left of centre.

Meanwhile, radical left-wing workers who seized the Socialist Republic newspaper last May handed the keys back to its owners yesterday, reports Reuter from Lisbon.

Workers of Portugal's four state-owned oil and liquid gas companies Sida, Sonap, Petrosul and Cicor, threatened to begin an overtime ban at midnight. A workers' delegation told a Press conference the condition for calling off the ban was Government approval of plans to merge the four companies into a single company to be called Petrogal.



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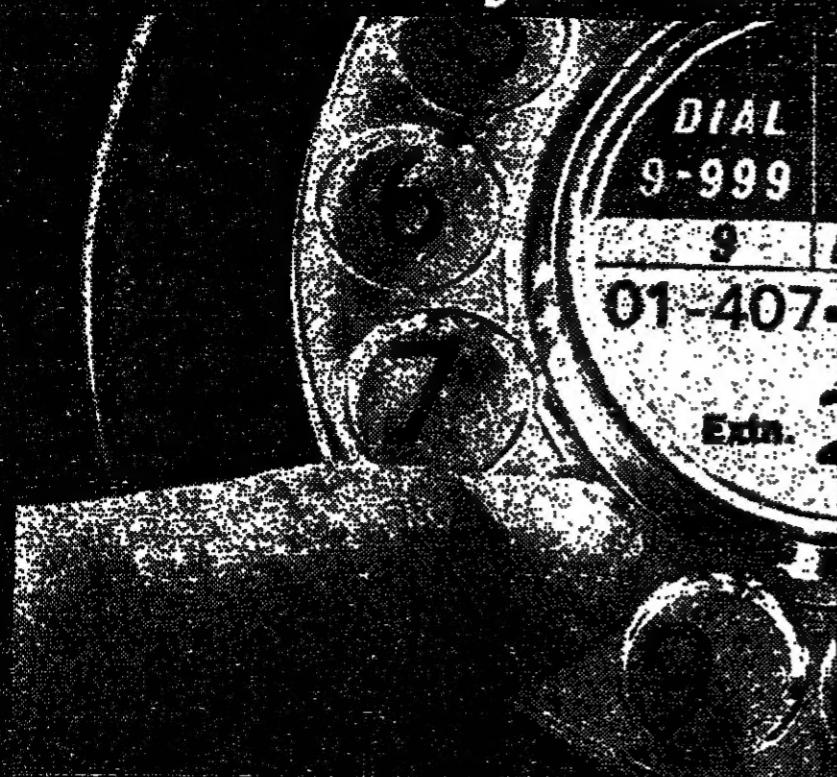
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PHONE. SIGN. AND GO.

What chance do European TV manufacturers have of withstanding the Japanese challenge now that demand for colour sets is beginning to pick up again? Lorne Barling examines America's experience and draws some depressing conclusions for this side of the Atlantic

# The fight for Europe's television market

DEMAND FOR colour television sets in Europe is beginning to pick up after more than a year of stagnation. Since only a quarter of all homes are at present equipped with colour TV, the scope for growth is considerable: some forecasts suggest that deliveries will rise to about 9m. sets in 1980 compared with 6.5m. last year. But how much of the market will the European manufacturers be able to retain? Their Japanese counterparts are poised to step up the invasion of Europe and it is not at all clear that resistance to them on this side of the Atlantic will be any more effective than it has been in the U.S.

## COLOUR TUBES MARKET PENETRATION BY SIZE

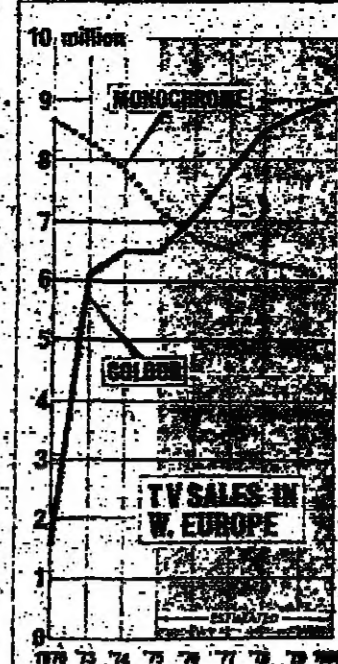
	U.K. Production ('000)	Total Imports ('000)	Market Share (%)	U.K. Tube Manufacturers Imports ('000)	Market Share (%)	Japanese Imports ('000)	Market Share (%)
1974							
17"-20"	—	648	100	68	10	560	86
21"	780	350	38	125	13	200	21
26"	327	248	60	174	43	—	—
1975 (Jan.-June)							
17"-20"	—	241	100	50	21	190	79
21"	423	133	25	70	2	70	13.5
26"	185	109	51	66	31	—	—

For details to see manufacturers to meet shortfalls in U.K. production

Source: Electronics EDI

## JAPAN'S COLOUR TV EXPORTS

SETS ('000)				TUBES ('000)			
	1973	1974	1975 (Jan.- Nov.)		1973	1974	1975 (Jan.- Nov.)
Sweden	14	24	16	Sweden	44	17	20
U.K.	276	216	146	U.K.	883	673	456
Netherlands	45	85	50	France	18	7	19
France	5	16	31	West Germany	167	295	372
West Germany	81	143	9	Italy	7	52	29
Switzerland	14	10	9	Finland	32	36	29
				Austria	8	31	48
Total Europe	442	500	423	Total Europe	1,146	1,185	1,050
U.S.	1,094	1,001	1,088	U.S.	94	31	145



TV SALES IN W. EUROPE

## Parallels

The parallels with the U.S. market are not encouraging. Out of total American sales of some 6m. sets last year, Japan supplied over 1m. units (around half the country's total exports). The aggressive pricing tactics of the Japanese caused Zenith, the leading manufacturer in the U.S., to launch an anti-trust suit against 20 Japanese producers and their American subsidiaries, arguing that they were using their economic power to launch a predatory invasion and seizure of the U.S. market. Zenith alleged that the Japanese companies were deliberately fixing high prices in their domestic market in order to subsidise exports to the U.S. The suit has not yet come to trial.

The chances of any Government action to protect the U.S. producers seem small and in the meantime the Japanese are continuing to ship over 100,000 sets a month. The combined effect of Japanese competition and the effect of Japanese competition

and the recession (sales had been as high as 10m. units in 1973 and totalled 841m. units in 1974) has forced some of the smaller companies to withdraw from the business or sell out to their stronger competitors. Motorola, for instance, sold its TV interests to the largest Japanese producer, Matsushita.

Is the same thing about to happen in Europe? The recent closure of Thorn's colour tube factory at Skelmersdale cannot be blamed solely on Japanese competition, but it was an important contributory factor. It was, in a sense, confirmation of the fears that had been expressed as long ago as 1968, when the colour TV market was just getting started and there were a number of discussions between Thorn and Mullard, the two U.K. tube producers, about their colour tube plants.

There had been hopes of selling 150,000 tubes a year in Australia, but the Japanese got there first, at the same time U.K. and Continental demand went down. In the meantime,

## Doubled

Thorn's Skelmersdale plant, representing an investment of £10m., started production in the summer of 1971 with an initial capacity of 300,000 tubes a year. As demand rose capacity was doubled at a cost of a further £4m. In late 1972 and early 1973 a similar sum was spent to bring potential output up to 900,000 a year, but production never exceeded 500,000 tubes a year.

There had been hopes of selling 150,000 tubes a year in Australia, but the Japanese got there first, at the same time U.K. and Continental demand went down. In the meantime,

Mullard's capacity had been raised to 2m. tubes a year. A substantial proportion is exported, with sales to other parts of the Philips organisation making up to some extent for the shortfall in the U.K. market.

The predicted attack from Japan has come on two fronts—in sets and in tubes. On the set side the main thrust has been with the small screen models (less than 20-inches) which is where the bulk of Japanese production is concentrated. Japan's cost advantages, allied to an enviable reputation for reliability, are most marked in this part of the business. In the U.S., the Japanese producers' success has been mainly in the second-set market and it had been thought that small screens would never become popular as first sets outside Japan. But the U.K. has proved to be a surprisingly receptive market, providing just the foothold in Europe which the Japanese wanted.

The U.K. consumer was al-

ready accepting a smaller screen than his Continental counterpart, half the British market is for screen sizes of 22 inches or less whereas on the Continent 85 per cent of the business is in 26-inch sets. This was one reason why the U.K. seemed a natural market for the Japanese to attack first. There was a further point that U.K. retail outlets, unlike the retail side of the business, were not manufacturer-dominated and thus offered an opening for companies like Sony and Hitachi to get themselves established.

In 1973 the Japanese sold about 250,000 sets in the U.K., taking 8 per cent of the overall market of 2.8m. sets.

## Assembly

Since then Japanese set sales have fallen back in line with the market, but with sales in Europe as a whole amounting to nearly 450,000 last year (the U.K. and West Germany being the principal outlets), they have a solid working presence. This will be reinforced, as their assembly/manufacturing opera-

tions, like that of Sony in South Wales, get more fully underway.

In the meantime the Japanese had been developing the separate business of supplying colour tubes to Europe. This had an unexpected boost in 1973 when the U.K. tube makers were unable to satisfy the fast-rising demand and had to import 22-inch tubes from Japan and elsewhere to fill the gap. More than 850,000 tubes were brought in from Japan in that year. As in the case of passenger cars, it was a shortage of manufacturing capacity that gave the Japanese their chance, and they continued to sell aggressively here even after the market had turned down. Last year about 500,000 Japanese tubes were shipped to the U.K., but by that time volume was less important than price. Mullard, as well as Thorn, was operating at a loss.

Where do the Japanese go from here? With a tube-making capacity estimated at about 18m. units a year (well in excess of domestic requirements), they have the ability both to enlarge their share of the European tube market, now about 15 per cent, and to increase their penetration of the set market, partly by direct exports, and partly by local assembly.

Much will depend on whether they turn their attention to large screen sizes. Up to now they have exported virtually no large tubes and very few large

sets to the U.K. or to the rest of Europe, but it is possible that Hitachi's joint tube-making project with Salora in Finland will be used to produce larger tubes. At present there are no known plans for manufacturing larger sets in Europe, although the take-over of Vega in Germany by Sony raises this possibility. In any case the scope for growth in the small screen market, especially on the Continent, is large enough to offer plenty of opportunities for the Japanese to increase their market share.

## Far East

Most of Philips' tube production in Europe is in the 26-inch category, with some of the smaller sizes made to the Far East. If a big second-set market develops on the Continent for smaller screens, as it has done in the U.S., this will call for new small-tube capacity. Philips has just started a pilot run in Holland on 14-inch colour tubes, but it is uncertain whether full-scale production will be profitable.

The alternative might be to manufacture in the Far East. Philips already makes monochrome tubes in Singapore and but from other sources; Eastern assemblies TV sets in Taiwan. There may be scope for technical improvements to counter nearly 1m. monochrome tubes the Japanese; both Philips and Zenith in the U.S. have recently announced new tubes which are claimed to offer the set-makers greater operating efficiency and component integration. There is scope, too, for raising labour productivity closer to Japanese levels.

The obvious course of attacking the Japanese in their own home market is difficult, and not only because of Japanese efficiency and the quality of their product. Retail outlets in Japan are to a large extent under the control of the leading manufacturers, and it is virtually impossible, though legally permissible, to buy into the U.S. market.

The real battle will be fought in Europe. There is pressure on Philips already to make monochrome tubes in Singapore and but from other sources; Eastern assemblies TV sets in Taiwan. There may be scope for technical improvements to counter nearly 1m. monochrome tubes the Japanese; both Philips and Zenith in the U.S. have recently announced new tubes which are claimed to offer the set-makers greater operating efficiency and component integration. There is scope, too, for raising labour productivity closer to Japanese levels.

## No alternative

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## HOME CONTRACTS

### G. T. Crouch wins £3m. Bewbush work

G. T. CROUCH, Kingston-upon-Thames, Surrey, has been awarded a further contract, worth more than £3m., by Crawley Borough Council for work on its Bewbush development. It entails construction of 236 two-storey houses, together with external works, car accommodation, children's play spaces, public footpaths and open public spaces.

GEORGE WILKINSON AND CO. has received a contract worth £275m. from the South West Thames Regional Health Authority for nurses' accommodation at St. George's Hospital, Tooting, S.W.17. This will consist of 15 three-storey blocks of apartments to house a total of 730 nurses. Work which has already started, is due for completion in December 1977.

COMPAIR GROUP has been awarded orders totalling £13m. for supplying and servicing drilling equipment for use in the construction underground of the new Dinorwic hydroelectric power station in Snowdonia. The contracts represent the first practical results of a new agreement between Compair, the U.S. manufacturer of air compressors, and the Tarmac subsidiary of the Finnish concern, OY Tampella AB. Under the agreement, Compair is marketing Tarmac mining equipment alongside its own Holman products in most world markets.

Two contracts, totalling more than £915,000, have been announced by the Northumbrian Water Authority. Under the Warkworth main drainage scheme, SQUIRE W. SWIFT, Selby, Yorks., has been awarded a contract worth £508,000 for laying 6,000 metres of surface water sewers, building two sewage pumping stations and two sewage ejector stations, and for other works including laying 3,000 metres of pumping mains. JOHN MOWLEM AND CO., Feltham, Middlesex, has received a contract worth £320,728 for constructing a sewage outfall culvert at Portrack, Stockton-on-Tees.

WALTER LAWRENCE AND SON has won a contract worth £13.3m. from the Metropolitan Police to build a traffic unit at Chadwell Heath, Essex. Work is due to start shortly and is due for completion in September, 1978.

A. MOKK AND CO. has been awarded a £202,048 contract for the construction of a new factory and office block at Tamebridge, Walsall, for Driver Southall, of Hockey, Birmingham, part of the Avery Group.

GEO-BILLOTT PROCESS AUTOMATION has received an order from the London Electricity Board worth more than £2m. It covers the supply of a computer-based tele-control system to control and monitor the transmission network in the Board's area. Two control centres—one north and the other south of the River Thames—will be new centres for the system. Each will be equipped with dual CEC 4080 computers arranged to display network diagrams and dynamic data on multi-colour visual display units.

MYTON, part of the Taylor Woodrow Group, has received a contract worth about £580,000 from W. Harold Perry, North London, Ford main dealer, for the construction of a commercial vehicle sales service and group parts distribution depot complex at Barnet, Hertfordshire.

GRUPT, part of the British Steel Corporation, has won an order to supply a special reinforced plastic lightweight pressure pipe for a £200,000 project being undertaken by the Walsley and Farnley Water Company as part of its River Tyne abstraction scheme.

FOXROD, Vauxhall, Redhill.

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Fifteen Year 5 1/2 % Guaranteed External Loan Bonds

Due October 15, 1979

NOTICE IS HEREBY GIVEN that Seven Hundred Forty Five Thousand Dollars (\$745,000) principal amount of The Japan Development Bank Fifteen Year 5 1/2 % Guaranteed External Loan Bonds due October 15, 1979 are hereby due for redemption.

Following serial numbers have been drawn for redemption on April 15, 1978:

1	1719	3092	5401	7181	9676	11728	12583	13187	14094
2	1721	3100	5407	7186	9681	11733	12588	13192	14100
3	1723	3102	5409	7188	9683	11735	12590	13194	14102
4	1725	3104	5411	7190	9685	11737	12592	13196	14104
5	1727	3106	5413	7192	9687	11739	12594	13198	14106
6	1729	3108	5415	7194	9689	11741	12596	13200	14108
7	1731	3110	5417	7196	9691	11743	12598	13202	14110
8	1733	3112	5419	7198	9693	11745	12600	13204	14112
9	1735	3114	5421	7200	9695	11747	12602	13206	14114
10	1737	3116	5423	7202	9697	11749	12604	13208	14116
11	1739	3118	5425	7204	9699	11751	12606	13210	14118
12	1741	3120	5427	7206	9701	11753	12608	13212	14120
13	1743	3122	5429	7208	9703	11755	12610	13214	14122
14	1745	3124	5431	7210	9705	11757	12612	13216	14124
15	1747	3126	5433	7212	9707	11759	12614	13218	14126
16	1749	3128	5435	7214	9709	11761	12616	13220	14128
17	1751	3130	5437	7216	9711	11763	12618	13222	14130
18	1753	3132	5439	7218	9713	11765	12620	13224	14132
19	1755	3134	5441	7220	9715	11767	12622	13226	14134
20	1757	3136	5443	7222	9717	11769	12624	13228	14136
21	1759	3138	5445	7224	9719	11771	12626	13230	14138
22	1761	3140	5447	7226	9721	11773	12628	13232	14140
23	1763	3142	5449	7228	9723	11775	12630	13234	14142
24	1765	3144	5451	7230	9725	11777	12632	13236	14144
25	1767	3146	5453	7232	9727	11779	12634	13238	14146
26	1769	3148	5455	7234	9729	11781	12636	13240	14148
27	1771	3150	5457	7236	9731	11783	12638	13242	14150
28	1773	3152	5459	7238	9733	11785	12640	13244	14152
29	1775	3154	5461	7240	9735	11787	12642	13246	14154
30	1777	3156	5463	7242	9737	11789	12644	13248	14156
31	1779	3158	5465	7244	9739	11791	12646	13250	14158
32	1781	3160	5467	7246	9741	11793	12648	13252	14160
33	1783	3162	5469	7248	9743	11795	12650	13254	14162
34	1785	3164	5471	7250	9745	11797	12652	13256	14164
35	1787	3166	5473	7252	9747	11799	12654	13258	14166
36	1789	3168	5475	7254	9749	11801	12656	13260	14168
37	1791	3170	5477	7256	9751	11803	12658	13262	14170
38	1793	3172	5479	7258	9753	11805	12660	13264	14172
39	1795	3174	5481	7260	9755	11807	12662	13266	14174
40	1797	3176	5483	7262	9757	11809	12664	13268	14176
41	1799	3178	5485	7264	9759	11811	12666	13270	14178
42	1801	3180	5487	7266	9761	11813	12668	13272	14180
43	1803	3182	5489	7268	9763	11815	12670	13274	14182
44	1805	3184	5491	7270	9765	11817	12672	13276	14184
45	1807	3186	5493	7272	9767	11819	12674	13278	14186
46	1809	3188	5495	7274	9769	11821	12676	13280	14188
47	1811	3190	5497	7276	9771	11823	12678	13282	14190
48	1813	3192	5499	7278	9773	11825	12680	13284	14192
49	1815	3194	5501	7280	9775	11827	12682	13286	14194
50	1817	3196	5503	7282	9777	11829	12684	13288	14196
51	1819	3198	5505	7284	9779	11831	12686	13290	14198
52	1821	3200	5507	7286	9781	11833	12688	13292	14200
53	1823	3202	5509	7288	9783	11835	12690	13294	14202
54	1825	3204	5511	7290	9785	11837	12692	13296	14204
55	1827	3206	5513	7292	9787	11839	12694	13298	14206
56	1829	3208	5515	7294	9789	11841	12696	13300	14208
57	1831	3210	5517	7296	9791	11843	12698	13302	14210
58	1833	3212	5519	7298	9793	11845	12700	13304	14212
59	1835	3214	5521	7300	9795	11847	12702	13306	14214
60	1837	3216	5523	7302	9797	11849	12704	13308	14216
61	1839	3218	5525	7304	9799	11851	12706	13310	14218
62	1841	3220	5527	7306	9801	11853	12708	13312	14220
63	1843	3222	5529	7308	9803	11855	12710	13314	14222
64	1845	3224	5531	7310	9805	11857	12712	13316	14224
65	1847	3226	5533	7312	9807	11859	12714	13318	14226
66	1849	3228	5535	7314	9809	11861	12716	13320	14228
67	1851	3230	5537	7316	9811	11863	12718	13322	14230
68	1853	3232	5539	7318	9813	11865	12720	13324	14232
69	1855	3234	5541	7320	9815	11867	12722	13326	14234
70	1857	3236	5543	7322	9817	11869	12724	13328	14236
71	1859	3238	5545	7324	9819	11871	12726	13330	14238
72	1861	3240	5547	7326	9821	11873	12728	13332	14240
73	1863	3242	5549	7328	9823	11875	12730	13334	14242
74	1865	3244	5551	7330	9825	11877	12732	13336	14244
75	1867	3246	5553	7332	9827	11879	12734	13338	14246
76	1869	3248	5555	7334	9829	11881	12736	13340	14248
77	1871	3250	5557	7336	9831	11883	12738	13342	14250
78	1873	3252	5559	7338	9833	11885	12740	13344	14252
79	1875	3254	5561	7340	9835	11887	12742	13346	14254
80	1877	3256	5563	7342	9837	11889	12744	13348	14256
81	1879	3258	5565	7344	9839	11891	12746	13350	14258
82	1881	3260	5567	7346	9841	11893	12748	13352	14260
83	1883	3262	5569	7348	9843	11895	12750	13354	14262
84	1885	3264	5571	7350	9845	11897	12752	13356	14264
85	1887	3266	5573	7352	9847	11899	12754	13358	14266
86	1889	3268	5575	7354	9849	11901	12756	13360	14268
87	1891	3270	5577	7356	9851	11903	12758	13362	14270
88	1893	3272	5579	7358	9853	11905	12760	13364	14272
89	1895	3274	5581	7360	9855	11907	12762	13366	14274
90	1897	3276	5583	7362	9857	11909	12764	13368	14276
91	1899	3278	5585	7364	9859	11911	12766	13370	14278
92	1901	3280	5587	7366	9861	11913	12768	13372	14280
93	1903	3282	5589	7368	9863	11915	12770	13374	14282
94	1905	3284	5591	7370	9865	11917	12772	13376	14284
95	1907	3286	5593	7372	9867	11919	12774	13378	14286
96	1909	3288	5595	7374	9869	11921	12776	13380	14288
97	1911	3290	5597	7376	9871	11923	12778	13382	14290
98	1913	3292	5599	7378	9873	11925	12780	13384	14292
99	1915	3294	5601	7380	9875	11927	12782	13386	14294
100	1917	3296	5603	7382	9877	11929	12784	13388	14296
101	1919	3298	5605	7384	9879	11931	12786	13390	14298
102	1921	3300	5607	7386	9881	11933	12788	13392	14300
103	1923	3302	5609	7388	9883	11935	12790	13394	14302
104	1925	3304	5611	7390	9885	11937	12792	13396	14304
105	1927	3306	5613	7392	9887	11939	12794	13398	14306
106	1929	3308	5615	7394	9889	11941	12796	13400	14308
107	1931	3310	5617	7396	9891	11943	12798	13402	14310
108	1933	3312	5619	7398	9893	11945	12800	13404	14312
109	1935	3314	5621	7400	9895	11947	12802	13406	14314
110	1937	3316	5623	7402	9897	11949	12804	13408	14316
111	1939	3318	5625	7404	9899	11951	12806	13410	14318
112	1941	3320	5627	7406	9901	11953	12808	13412	14320
113	1943	3322	5629	7408	9903	11955	12810	13414	14322
114	1945	3324	5631	7410	9905	11957	12812	13416	14324
115	1947	3326	5633	7412	9907	11959	12814	13418	14326
116	1949	3328	5635	7414	9909	11961	12816	13420	14328
117	1951	3330	5637	7416	9911	11963	12818	13422	14330
118	1953	3332	5639	7418	9913	11965	12820	13424	14332
119	1955	3334	5641	7420	9915	11967	12822	13426	14334
120	1957	3336	5643	7422	9917	11969	12824	13428	14336
121	1959	3338	5645	7424	9919	11971	12826	13430	14338
122	1961	3340	5647	7426	9921	11973	12828	13432	14340
123	1963	3342	5649	7428	9923	11975	12830	13434	14342
124	1965	3344	5651	7430	9925	11977	12832	13436	14344
125	1967	3346	5653	7432	9927	11979	12834	13438	14346
126	1969	3348	5655	7434	9929	11981	12836	13440	14348
127	1971	3350	5657	7436	9931	11983	12838	13442	14350
128	1973	3352	5659	7438	9933	11985	12840	13444	14352
129	1975	3354	5661	7440	9935	11987	12842		

## HOME NEWS

## Fleet Street management unprofessional, says NGA

BY MICHAEL THOMPSON-NOEL

NATIONAL NEWSPAPER management was criticised yesterday for "lack of professionalism" in handling industrial relations. Mr. Joe Wade, new general secretary of the National Graphical Association, told the Association on the Press Commission which would own it, in general, provincial newspaper management was more professional, probably because it was not subject to the same pressures as Fleet Street. Wade said that the Commission would help to reduce the high cost of entry into newspaper ownership, but it should be concerned solely with printing and not with news. He said that the Commission would be self-financing. Wade said that the Commission would be self-financing. Wade said that the Commission would be self-financing.

Industrial news reporting, but he believed that in response to commercial pressures, including television, the sensational treatment of news—and its distortion—was becoming more widespread. Industrial correspondents were highly sensitive to trade union affairs but were under pressure to produce "newsworthy" stories, said Mr. Murray. "One never does find in-depth examination of what has happened among managements. It may be because they are timid of management. It may be that their editors would not welcome an investigation of that sort, perhaps because the firm is placing advertisements."

Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades and chairman of the TUC printing committee, told the Commission that at one time there had been 17 print unions, but the number was now down to five. "One print union is the ideal. The attainment of it is a different matter."

The Australian ketch *Anaconda*, the largest competitor in the Financial Times Clipper Race, crossed the finishing line at Dover last night at 11.07 p.m. after 48 hours of frustration, fighting strong Channel tides and heavy seas whipped up by a gale. Her 13,500-mile voyage from Sydney had taken 78 days, 11 hours and a few minutes. The arrival of the winning British crew of Great Britain II 12 days ago and that of the Australians was comparable to a marathon winner appearing able to run the course again, while those behind show signs of strain. The British crew said that they could have sailed the course again. The Australians admitted that they had had enough.

## DAILY MAIL IDEAL HOME SHOW

## Dependable entertainment

BY LUCIA VAN DER POST

THE ANNUAL Daily Mail Ideal Home Show is to the exhibition business what the thriller is to the book business—a good, steady, reliable, and as a result, uplifting as the best of its kind, but good, dependable entertainment nonetheless.

This year's show is the tried and true mixture, as before, The plots may differ, but the ingredients stay recognisably the same.

The theme centres on the American bicentennial celebrations and the focal point of the main hall is a giant impression of the White House.

The avenue leading to the White House is flanked by cherry trees and exhibitions stressing the links between Britain and the "New World."

The Daily Mail, doing the theme proud, has chosen for its own show centre a modern version of an early colonial residence—the Phillipsburg house. Though not to my personal taste, reeking as it does of plush, status-minded American suburbia, it has much to offer in terms of space, general finish and detail.

There is a happy air of roominess that would delight the average British family. The 2,000 sq. ft. of floor area contains two bedrooms (one en-suite), two living-rooms (an admirable American custom which allows one living-room for adults and one for general family entertainment), a kitchen and a utility/

laundry room, as well as all the little things such as cloakrooms, roomy garage, ample cupboards, and a cellar, which make so much difference to everyday life.

The Phillipsburg house itself can be built conventionally, or with a timber frame, at an estimated price of between £22,000 and £26,000, and plans can be bought for £50 a set. The timber-frame construction can be bought complete.

Needless to say, the American invasion does not end there. Denby, hitherto known exclusively for its tableware, began earlier last year to extend its involvement in the home by manufacturing table accessories such as cutlery and glasses.

Now it is going even further and acting as merchants for a collection of American furniture, all to be marketed under the Denby Furniture Collection label.

The furniture goes admirably with the Phillipsburg house, in which some of it is shown. It offers the same kind of luxurious, easy-living-with look.

Being neither modern, nor reproduction, it fits effortlessly into almost any environment and, though prices may not like the designs, its quality is unquestionably excellent.

All in all it is a brave, bright show. The manufacturers or retailers, who must prepare and pay for the exhibition space, do not seem to know that a revolution is on. Not a square inch of saleable exhibition space is left

unsold or unused and several exhibitors have taken larger areas than ever before.

The fuel people are there trying to press their respective messages home. Solid Fuel has a particularly attractive stand with a series of dashing fireplaces of every sort, so that anyone wondering what to do with his open fireplace can survey the complete range and should find something he wants at a price he can afford.

Now that the message has got home that the thing to do with fuel is not to use it, but to conserve it, the most relevant stand of all is probably the one with Arthur North's greenhouse.

He explores the possibility of a less wasteful way of living in an all-glass house, which relies on solar energy in heat space and domestic water.

Yes, there's something for everyone. If you want your coins valued, want to sharpen up your skills of backgammon or learn a little about champagne, you can do it all at the Ideal Home Show.

You can look at products of the People's Republic of China, sip Monacan wine, taste the new meat substitutes based on soy-bean or buy a pair of Wrangler jeans.

The show is open to the public from today until Saturday April 3, except for Sundays. Admission, adults 75p, children 50p until 5 p.m., after 5 p.m. adults 60p, children 50p. See Men and Matters, Page 18

## Industry Department promotion for Carey

BY ADRIAN HAMILTON

R PETER CAREY, the second permanent secretary of the Department of Industry, is to become permanent secretary of the Department next June.

Sir Peter, who is 53 and was knighted in the New Year's honours list, will succeed Sir Antony Part who is to retire at the end of June.

His appointment will bring to the head of one of the country's most sensitive ministries a civil servant firmly convinced of the value of the Government's industrial strategy and, unusually in the Industry Department, one who has been promoted from within.

As second permanent secretary of the department from December 1972 and one of the "thinkers" of the department, he has been promoted to the top job.

came into the public eye when he became known as the man who formally put on record his objections to Mr. Wedgwood Benn's decision to support the IPD co-operative in Kirkby.

His main work in recent years, however, has been as an architect of Government attempts to work out tripartite policies on economic questions.

He has been involved in work on the prices and income policies in 1972-73 and more recently, the development of the industrial strategy with its implications for criteria of Government assistance and planning agreements.

He joined the Board of Trade in 1963 and, apart from a spell in the Cabinet Office under Lord Rothschild establishing the "think tank" which spent most of its time on matters within the industry/Trade orbit.

## MPs to champion Concorde's rights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ALL-PARTY group of MPs and Senators today take the first steps in a campaign to get the Concorde's landing rights in the U.S.

The group, which includes Mr. Peter Shore, Secretary of State for Transport, and other MPs, will be asking the Government to take action in favour of the Concorde's rights.

In particular, the MPs are angry at the attitude of the U.S. seeking to ban Concorde from Kennedy Airport, New York, and Dulles Airport, Washington, which they have described as "sour grapes" on the part of the U.S. They are king contacts with French and are also in touch with British and French trade officials.

Mr. Norman Tebbit, Conservative MP for Chingford, said yesterday: "If the American authorities choose to discriminate against Anglo-French aircraft, then they are asking for the British and French Governments to take similar action against the Americans."

Mr. Walter Johnson, Labour MP for Derby South, said: "If the position were reversed, we would have the Americans threatening economic sanctions against us and inflammatory speeches from Senators and Congressmen. This is sour grapes because we have won the race for supersonic air travel."

It was disclosed yesterday that Concorde's recent take-off performance from Heathrow had been within the permitted limits re-assessed by the Federal Aviation Administration (FAA).

Since passenger services began, there have been 53 complaints about the aircraft's noise, with or without challenge, and another 30 complaints from other airlines about the Concorde's noise in general.

BALANCE OF PAYMENTS									
	£ millions								
Current account									
	1973	1974	1975	1st qtr	2nd qtr	3rd qtr	4th qtr		
Merchandise	-2,332	-2,264	-2,200	-850	-681	-984	-683		
Services	+1,490	+1,514	+1,498	+415	+345	+361	+377		
Income	-842	-1,450	-1,702	-435	-336	-625	-306		
Current transfers	-842	-1,450	-1,702	-435	-336	-625	-306		
Capital account									
Merchandise	-842	-1,450	-1,702	-435	-336	-625	-306		
Services	+907	+2,797	+410	+81	+79	+10	+398		
Income	+204	+363	+1,020	+446	+120	+405	+299		
Capital transfers	-210	-565	-1,092	-287	-419	-167	-219		
Current transfers	-210	-565	-1,092	-287	-419	-167	-219		
Capital transfers	-210	-565	-1,092	-287	-419	-167	-219		
Current transfers	-210	-565	-1,092	-287	-419	-167	-219		
Capital transfers	-210	-565	-1,092	-287	-419	-167	-219		
Current transfers	-210	-565	-1,092	-287	-419	-167	-219		
Capital transfers	-210	-565	-1,092	-287	-419	-167	-219		

† Drawings of £100 million for the Government to borrow \$2,500m.

## GO TO RIO.

Go direct to Rio.  
Do not pass Paris.  
Do not pay £200 more.

## A reminder that the Air France Concorde does not have a monopoly to Rio.

And that you can board a direct British Caledonian flight in time for a three course dinner, after which you can take in a film, rest, and arrive in the relative cool of the morning, relaxed and ready for exactly the same meeting as the Concorde passenger who flew in the evening before, and paid £200 more for the return journey. (That's the Concorde premium—you save well over £500 on a British Caledonian Economy class round trip.)

## Africa

If this is your destination, you can't go there by Concorde, but British Caledonian offers its unique

personal service on 18 flights to 14 destinations every week, and in Summer '76 on 21 flights a week to 15 destinations.

Days of Operation.	TUES	THURS	SUN
London Airport-Gatwick Dep.	2000	2000	2000
Rio de Janeiro Arrive.	0535	0735	0550

And our partners. Varig fly the route from London Heathrow on Wednesday and Friday.

## Three flights a week to Brasil-Recife, Rio, São Paulo.

Let's go

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Over 450 flights a week to 25 countries—Europe, Africa, South America and within the U.K.

Ask your Travel Agent for full details and reservations



# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

## ● AUTOMATION

### Robot can work on five axes

AUTOMATING continuous arc welding on flat, simple curved, and compound curved workpieces is the purpose of a new model robot from Unimate. Its earlier models at plants in Europe, the U.S., and Japan were for spot welding.

The new model makes possible a gas-metal arc-welding capability for fully automatic production welding in a variety of industries. These range from metal furniture to automotive and general metal products.

The system will move the torch in as many as five axes simultaneously and consists of the Unimate and the equipment it controls, welding power supply,

shielding-gas supply, and filler metal feeder. Uniform welds of consistently high quality, as well as greater welding productivity are claimed and it is believed that use of the robot will be as attractive for long production runs as for short- and medium-length production runs.

Five-axis capability alone is enough to make the Unimate model valuable for long production runs because of the absence of automatic production-welding systems with comparable complexity, path-following abilities. Fabricators with production runs of fewer identical parts will be able to benefit from the rapid re-programming features in addition.

tion: when one run is over, the Unimate can be "taught" to weld a different workpiece in a matter of minutes.

Equipment includes conventional constant-voltage welding power supply, push-type filler-metal wire feeder, and solenoid-operated gas valves to run single-pass welds on a variety of surfaces. Multi-pass capabilities will be available shortly as will a cross-seam weaving pattern of travel.

Plasma welding, gas tungsten-arc welding, and flame cutting are practicable.

Unimate, Unit A1, Stafford Park 5, Telford, Salop. (0852 553517).

## ● INSTRUMENTS

### Accurate display of tilt

APPLICABLE to all types of semi-submersibles and drilling vessels is an angle of tilt measurement and display system called Rinsinger, offered by Sperry Gyroscopic, Downhatch Way, Bracknell, Berks RG12 1QL (0344 32231).

Tried and proved in the North Sea, the system is able to give rapid visual indication to within 1 deg. of the angle and direction of the fixed with respect to the moveable part of the riser from the sea bed, about the flexible joint.

Value of the instrument lies in its ability to ensure that damage to drilling equipment and subsequent costly delays due to excessive angular misalignment is avoided.

Basis of measurement is two sensors, one on each side of the joint. Each consists of a pair of damped pendulums mounted at right angles to each other to respond to displacements in pitch and roll planes. Signals are extracted by inductive pick-off and sent over underwater cable to the unit display.

The display is a circular CRT face with engraved concentric rings at two degree intervals. If the vessel is precisely above the well head a dot appears exactly

### Provides control and display

ANNOUNCED by Oxford Instruments is the DTC which provides within one box a flexible high precision three-term controller and a digital indicator, at a basic price of about £300.

The instrument can be used for temperature programming using an external set-point facility, or temperature logging by analogue output and chart or optional BCD output.

Temperatures can be controlled to within a small fraction of a degree with the display accuracy dependent on choice of sensor and plug-in range card, the latter being computer-fitted for the closest conformity in

### Sensitive multimeter

IMPORTED from Noruma Messtechnik of Vienna by Croydon Precision Instrument Company is a digital multimeter that can measure down to a few millivolts and costs from £129.

It has 21 ranges for AC and DC voltage and current. The voltage ranges have a full-scale reading of from 600V to 200mV with a resolution of 100 microvolts on the lower range.

As a DC ammeter the ranges are from 200 mA to 20 nA, resolving to 10 pA, and AC current can be measured in three ranges of 2, 20 and 200 mA. Full-scale readings for resistance measurements are from two thousand to two million ohms.

The display has seven-segment numerals seven millimetres high and reads from zero to 999. Fifty per cent. over-range is provided at the full accuracy. Temperature coefficient is low, for example 20,000 per cent. per 1,000 displayed units on DC voltage, and the working temperature range is zero to 15 deg. C.

Normatest is available as a mains only or mains/DC battery version and more details can be obtained from Hampton Road, Croydon, CR9 2RU (01-634 4023).

## ● PROCESSING

### Piston ring needs no lubricant

IN THE food processing and pharmaceutical industries, where gases of the highest purity have to be compressed and where maintenance-free compressors are required, dry running piston rings offer advantages.

A pipe compound from Hoechst (Hostalloy TP VP 3238) has been developed which can be used for piston rings for dry running compressors with piston speeds up to 4 metres/second. The rings are stated to have good sliding properties, low wear characteristics, and almost universal chemical resistance.

Hoechst U.K. Salisbury Road, Hounslow, Middx. (01-870 7712.)

## ● WOODWORKING

### Panel edged in any pattern

A TECHNIQUE for edging flat panels, which, it is claimed, could mean the end of conventional banding or lipping methods, has been introduced for big output wood panel production.

Called Topanga, the system was developed in the U.S. and is a flow line method of using polyester filler with a lacquer encapsulated printed finish in any pattern or wood grain.

Developments are nearing completion which will enable the same unit to be used for applying plain colours, particularly white pigments—this means it will be possible to edge match any panel surface in one pass at line speeds up to 90 ft./min.

Major impact is expected to be in the furniture industry, where conventional systems cost around 1.60p/metre. It is claimed that the Topanga system will produce as good, if not better, edging of particle board for 0.35p/metre.

The homogeneous edge produced is both seamless and permanent; there is no separately adhered strip to show or part from the panel. In one pass the unit will edge sand, apply polyester filler under pressure, ultraviolet light cure, apply base coat, grain print and apply final lacquer finishing coat.

Currently the system is single sided only. It is a continuous process, and no parting-off of edging is required, so panels can be fed through the machine butted together.

The machine is marketed in the U.K. by Lohmann and Co., The Mill Trading Estate, Acton Lane, London NW10 7NP (01-865 8821).

## ● DATA PROCESSING

### Micro from the maker of Nova

TECHNOLOGY of the processor-on-a-chip is progressing so fast that major manufacturers of small computers for OEM and for direct marketing to end-users are bowing to the trend and following where the big electronic component companies have led.

Data General is the latest of the machine manufacturers to bring out its own micro-processor system, based on a chip designed in-house.

Significantly, it is a 16-bit chip and it will give the new processor line based on it architecture, performance and software of the company's NOVA series.

Data General will be making the processor and will market

the computer chip, alone or with supporting devices: the computer board and fully packaged machines.

Applications cover the whole gamut of automation, as well as communications and instrumentation. Data General is on 01-848 2282.

### New machine handles radar data

SIMULTANEOUSLY, Digital Equipment Company has brought out a new and lower-cost version of its PDP 11-40 and announced the sale of 75 of these machines to the Plessey Company for use in a complete radar data handling and display array for

London Air Traffic Control Centre. High density component packaging and a solid-state memory are characteristics of the machine which, while some 30 per cent. cheaper than the one it superseded, is completely compatible with the earlier design both in hardware and in software. This will be a considerable relief to the many organisations using the PDP 11 as the "brain" of a control system or other complex.

Design changes mean that an extremely powerful unit can be fitted into a 54-inch high chassis (84K words) while 104 inches will accommodate 128K words. Plessey Radar will be using the 11m or so of these new processors to drive the major display facility, part of the Mediator network covering British airspace on the commercial flight side.

DEC is at Digital House, Kings Road, Reading, Berks. (0734 583555).

## ● MACHINE TOOLS

### E. German grinder and jig borer

TWO MACHINE tools made in East Germany by members of the state-owned WMW group are now available in the U.K.—a range of cylindrical grinders and an NC jig borer.

Made by SMW of Karl Marx Stadt, the grinders are designated SA6 and SA6U. Each is available in five sizes for longitudinal and plunge grinding to maximum lengths of 630, 1,000, 1,500, 2,000 and 3,000 mm. The suffix "U" indicates that the model is "universal", and incorporates an internal grinding facility, and a rotatable grinding wheel head, lock for grinding tapers up to 45 deg.

Maximum component weight is 500 kg, centre height is 180 mm, and maximum swing up to 350 mm. There are 11 spindle speeds from 11.2 to 360 rpm, tailstock stroke is 40 mm, and maximum grinding wheel size is 630 mm. od and 350 mm. width. Grinding power is 15 kW. Automatic

hydraulic copying is available. U.K. agent is Eriart Machinery, Dore House Farm Industrial Estate, Osney Mead, Oxford OX2 0JL (0742 697341).

Mikromat, Dresden, makes the single column jig boring machine which has numerical control of the X and Y axis. It is designed for 1-off to medium batch production, and in addition to drilling and boring is capable of precision milling, thread cutting, reaming, co-ordinate measuring, and jig grinding operations.

Table size is 630 x 1,000 mm, and there are 40 drives on both X and Y axis through ball lead screws, said to give an accuracy within 0.003 mm. Longitudinal table travel is 710 mm, and cross traverse 400 mm.

There are 19 spindle speeds, from 36 to 2,240 rpm. Feed rates are in eight steps from 0.025 to 1.12 mm/rev, and spindle head traverse is 630 mm. A version of the machine is available which incorporates a cam controlled Z axis, enabling up to six hole depths to be programmed. All models are capable of finish milling in the horizontal plane.

The jig borer is marketed by William Watts, PO Box 77, Leaton Industrial Estate, Abbeyfield Road, Nottingham NG7 2TE (0602 961332).

## ● TEXTILES

### Upheaval in foundations

CORSET AND many other types of elasticated fabrics have been produced over the years by knitting. They depended at first on the use of natural rubber threads covered with cotton and then, as technology advanced, there was an inevitable swing to nylon and later to synthetic rubber — and eventually to the polyurethane elastomers which are light and which, unlike rubber, can even be dyed.

This has transformed the foundation garment trade, the surgical stocking trade, and in fact most areas where "elastic" fabric is required. Despite this, many of the elastic yarns used are still covered or wrapped with some sort of yarn rather than being used bare, although much of the elastomeric yarn is now being used bare simply because of economics.

One problem of the elastic used in, say, waistbands is that eventually the elastic core breaks and the thread begins to slip

back until all stretch in the waistband disappears and the garment is useless or most unpleasant unless this is replaced.

Now, a completely new approach has been made to the problem of elastomeric yarn covering. It is based on a system developed by Du Pont in the United States and is now being used mainly for covering this fibre producer's Lycra elastomeric yarn.

The concept is simple. Pre-tensioned yarn is fed into a Raschel warp knitting machine (and while held under tension) a fine nylon thread is chain-stitched round it. By using a fine thread it is possible to take eight or ten strands of the elastomeric and produce a tape in which the strands are connected so that a ribbon is being knitted.

The machine on which this is produced is called the Libra Raschel G504E-VV and it is built in Germany by Libe Maschinenfabrik (British agent: Coates Smith, Broadgate, Beeston, Nottingham (0603-288117)).

Instead of producing tape as a broad sheet that is wound up on a beam, as with normal warp knit fabric, it produces a large number of individual tapes, each com-

prising eight or ten strands. These are then delivered into cartons mounted at the rear of the machine in this way they can be taken to a narrow fabric weaving mill where they can be positioned behind elastic fabric looms and woven into classical elastic tapes.

Unlike with the old type of covered thread, the knitted or chain-stitched thread cover will tighten round the core yarn if pulled and this will prevent it from pulling back and so losing its elasticity.

If it is necessary to separate the strands of covered yarn, it is a simple matter to position a circular knife behind the ribbon loom and split the strands as they enter it. This considerably simplifies production. The knitted structure is such that slitting strands in this way does not affect the projection of the knitted covering.

The main drawback of the process is that a single machine has such a vast production capacity that, as far as the comparatively small elastic fabric manufacturers are concerned, the production of a single machine will generally be far more than sufficient. Mullard House, Torrington, Devon, TA1 1JL (01-580 96351).

## LAING MANAGEMENT IN CONSTRUCTION

## ● HANDLING

### Advanced mobile crane

WITHIN THE next few months, full production of what is claimed to be the world's most advanced 25-ton mobile crane, will commence at the new plant of Crown Cranes, Cotes Park Estate, Somerscales, Nr. Alfreton, Derby, DE5 4JL (06285 22841).

The machine has a maximum lift height of 122.7 feet and a maximum lifting capacity of 25 tons. The 728 CCR will lift 6-ton loads to 103 feet and 3.11-ton loads to the full 122.7 feet with all lift capacities effective through a full 360 degrees.

A low-effort pilot control system, activated by twin levers in the crane cab, provides power to all crane functions.

Gross power/weight ratio is over 9 h.p. per ton (at sea level), probably well above that of any competitive unit, and the majority of today's heavy goods vehicles.

Fitted, as standard, is a semi-automatic gearbox, remote from the engine. A fluid clutch protects the transmission against undue strain during on-site manoeuvres.

## ● COMPONENTS

### Heater can control itself

A NEW PTC thermistor, now available from Mullard, is fitted with a high thermal capacity sleeve and is doubly insulated to make it an effective self-regulating heater. It has been developed specifically for use in hair-curling tongs. The advantage of self-regulation in a heater is the elimination of a thermostat. Any reliability and radio interference problems are overcome immediately.

The heater achieves self-regulation by taking advantage of the fact that a PTC thermistor exhibits a steep increase in resistance at a particular switching temperature. When connected across the supply it quickly heats up to this temperature and then virtually switches itself off. It switches itself on again immediately its body temperature drops. Warm-up time is short and the device offers high stability over a long working life.

When used in curling tongs the heater maintains the temperature of the working surface of the tongs at a temperature within the 120° to 186°C region—determined by the heat sinking characteristics of the long "finger" Stand-off power is typically 20W with a maximum burst power of 500W for a few seconds.

Mullard House, Torrington, Devon, TA1 1JL (01-580 96351).

## Taking care with asbestos



**Safety at work ...** the people who work with asbestos and asbestos products are required to follow simple, established safety precautions. These include the use of dust extraction equipment, respirators and protective clothing in certain cases and a good standard of workshop hygiene using vacuum cleaners and controlled disposal of waste.

These safety precautions are clearly documented both in legislation and in the literature produced by the asbestos industry. Copies are freely available from the address below.



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**Asbestos Information Committee**

The Asbestos Information Committee, 2 Old Burlington Street, London W1X 2LH Telephone: 01-734 0081

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## LABOUR NEWS

## Tribunal rejects equal pay claim by woman

BY OUR LABOUR STAFF

RS. ANN HUNT, who became Britain's first woman to claim equal pay under the Equal Pay Act, has lost her case.

A Birmingham industrial tribunal ruled in a written judgment published yesterday that Mrs. Hunt, aged 21, was not doing equal work with the man she was compared with, and therefore was not entitled to equal pay.

Mrs. Hunt, of Halesowen, works as a wallpaper stock controller in the local depot of Brown Decorative Products. She claimed that she was doing equal work with Mr. John Fletcher, a painter and sundries stock controller, but her salary was more than £400 less than his.

**Salary scale**  
Mr. John Elze, chairman, giving the tribunal's decision, which was based on a public hearing, said that both were graded in the same salary scale, but Mr. Fletcher handled 48 outside contracts to Mrs. Hunt's one. He said that Mrs. Hunt's salary was twice as many stocks as she did and was under less supervision.

**Industrial Society rules for democracy**  
The interests of employees as well as shareholders, and to require annual reports to be made to a company's employees. An amendment to the Companies Act is suggested to require companies employing 2,000 or more people in the United Kingdom to experiment with methods whereby Boards of Directors take the interests of employees into account. Experiments should include two-tier Boards and arrangements for employees to endorse the appointment of two or more directors. The Society does not think much of the TUC's call for 50 per cent. worker-directors on the supervisory Boards of private companies.

**'No' to worker-directors**  
OUR unions in the electricity supply industry have formally rejected Mr. Anthony Wedgwood, the Energy Secretary, their do not want a system of worker-directors imposed on the industry. They say in a letter to the Minister that industrial democracy must be voluntary and limited to their own special fields. This view endorses the recommendation of the Polden Committee which recently reported on the structure of electricity supply.

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Welcome from both world wars. We come from Kenya, Malaya, Aden, Cyprus... and from Ulster. From keeping the peace no less than from war we limbless look to you for help. And you can help, by helping our Association. BLESMA (the British Limbless Ex-Service Men's Association) looks after the limbless from all the Services. It helps, with advice and encouragement, to overcome the shock of losing arms, or legs or an eye. It sees that red-tape does not stand in the way of the right equipment to the person. And, for severely handicapped and the elderly, it provides Residential Homes where they can live in peace and dignity. Help BLESMA, please. We need money desperately. And we promise you, what money of it will be wasted.

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## Pit poll backs decision to end overtime ban

BY ROY ROGERS, LABOUR CORRESPONDENT

THE DECISION by the National Union of Mineworkers executive to call off an overtime ban which began last month over plans to run down Langwith colliery in Derbyshire has won the support of 61 per cent. of miners who participated in pit-head ballots last week.

Even miners from the union's Derbyshire area supported the decision made at an emergency executive meeting after widespread defiance of the original overtime ban call taken by 11 votes to 10 on the executive.

Mr. Joe Gormley, the union's moderate president, will no doubt see the results as complete vindication of his decision to call the executive meeting which reversed the earlier decision. He has come under heavy criticism from several militant NUM leaders, but calls from Yorkshire and Derbyshire miners

for his resignation are unlikely to be considered when the executive meets on Thursday.

Only the four traditionally militant NUM areas voted against the executive decision in the ballot which, by NUM standards, did not attract a heavy poll.

Yorkshire recorded 52.25 per cent. against the executive. South Wales 38.25, Scotland 59 and Kent 57 per cent. Overall, the voting figure was 109,310 in support of the executive and 69,349 against.

Prominent among areas supporting the executive were Nottinghamshire (70.5 per cent. in favour), the colliery officials and staff section (80.5 per cent.), Durham enginemen (92.5 per cent.), power group (85.5 per cent.) and Northumberland and Durham mechanics (83.5 per cent.).

NUM militants, who never expected to win the day, were reasonably happy with the result last night although they complained of undue haste in holding the ballot.

Their attitude was summed up by Mr. Mick McCabe, NUM vice-president and president of the union's Scottish area, who regarded the ballot result as "a warning to the National Coal Board that it could not have pit closures without strong reaction from the miners."

Mr. George Rees, general secretary of the South Wales NUM, commented that miners would accept closures based only on the exhaustion of coal seams or for safety reasons. South Wales miners have put forward a motion to this effect to be debated at the union's annual conference in July.

## Midland Bank job talks deadlock

BY OUR LABOUR CORRESPONDENT

REDUNDANCY talks between Midland Bank and the National Union of Bank Employees have reached deadlock and the dispute is to be taken to independent conciliation.

The union claims that the bank had disclosed that there were likely to be 10 redundancies arising from the planned relocation of some head offices to

Sheffield. Instead of the four encourage specialist staff to move.

NUBE is seeking improved redundancy terms for these staff with the option for other staff to take voluntary redundancy.

The Midland is said by NUBE to be resisting the improved terms on the basis that this would make it more difficult to

move.

Conciliation talks with the Advisory, Conciliation, and Arbitration Service are to be held over NUBE's claim for a new procedural agreement to allow the union to take redundancy disputes automatically to independent arbitration.

## Leyland toolmakers threaten disruption

By Peter Cartwright

AN ATTEMPT by 400 British Leyland toolmakers to win parity with fletsmiths, traditionally among the highest-paid craftsmen in the motor industry, threatens to disrupt operations at three Rover-Triumph plants in Coventry, employing 11,000 workers.

Toolmakers earn nearly £55 on average for a 40-hour week, and are demanding an additional £1.85 for certain extras to bring them level with fletsmiths.

Under recent national agreements, the toolmakers are paid an extra 6.65 per cent. and fletsmiths 9.65 per cent. for the work.

The toolmakers, members of the Amalgamated Union of Engineering Workers, have already banned overtime for a week but withdrew the ban to enable the second stage of British Leyland disputes procedure to operate.

This is an extended plant conference bringing in local union officials.

The final stage embraces representatives of other unions and a wider spectrum of management.

Resumption of industrial action is threatened if the dispute is not resolved.

## Wildcat strike halts Scotland's biggest steel plant

BY OUR LABOUR STAFF

SCOTLAND'S BIGGEST steel plant was brought to a halt last night by an unofficial strike. All production was stopped at the Ravenscraig works, at Motherwell, as a result of a walk-out by about 1,500 men, including some white collar staff.

The walk-out came after a mass meeting, at which union representatives on the works council said the British Steel Corporation had refused to withdraw a threat to sack 120 men unless they returned to work today.

The 120 men have been on unofficial strike since February 23 and the management said that, unless they returned to work today, it would be assumed that they no longer wished to be employed by BSC.

"The management told the unions that it would withdraw the letter, provided there was a full resumption of work by everyone, including the slab preparation bay employees, on the basis of observing existing agreements," the BSC said last night. "But the management was given no such undertaking."

Ravenscraig works, which includes a giant strip mill, has a total of 5,000 employees. Production capacity is to be doubled to a total of 3.2m. tons a year under British Steel's modernisation scheme.

It is the central plant in the new Scottish complex, which will have an output of 4.5m. tons a year when modernisation is completed, compared with the present output of 3.7m.

## Doctors' 40-hour revolt

HOSPITAL DOCTORS in the Oxfordshire region have been instructed to start an emergency-only 40-hour week from 9.30m today.

Dr. Martin Ellis, deputy chairman of the British Medical Association national committee, said that the instruction had been issued because area health authorities were not observing their agreements.

The authorities were not issuing new contracts, claiming they had not yet received authority from the Department of Health. Some were withholding contracts because they could not honour them financially, he claimed.

# Gas

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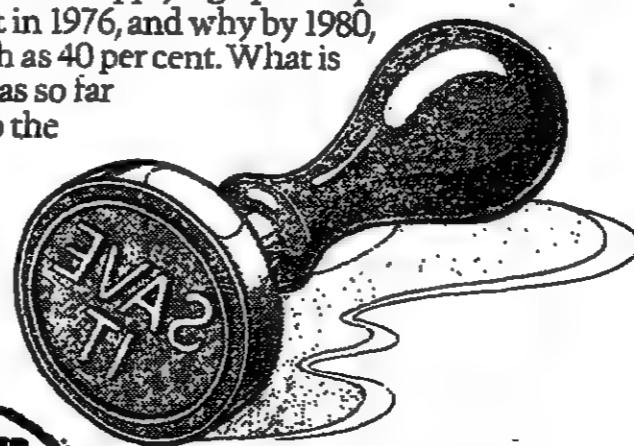
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Singapore, an established financial centre, needs a financial daily of her own.

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## LEGAL NOTICES

No. 0022 of 1976

In the HIGH COURT OF JUSTICE

Chancery Division Companies Court. In the Matter of CONTINENTAL DEBOR (HOLDINGS) LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 17th day of February 1976, presented to the said Court by THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY of Great Britain, High Street, London W.C.1. and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London W.C.2. on the 2nd day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

No. 0022 of 1976

In the HIGH COURT OF JUSTICE

Chancery Division Companies Court. In the Matter of EAST LONDON WAREHOUSES LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 1st day of March 1976, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of Her Majesty's Revenue, 20-21, Mark Lane, London EC3R 7TE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London W.C.2. on the 3rd day of April 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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# OECD sees 1½m. jobless in U.K. next winter

SAMUEL BRITTON, ECONOMICS EDITOR

AN unemployment rate of rising demand and new jobs, or 8½ per cent, is forecast for the winter by the Organisation for Economic Co-operation and Development. The forecast is in the OECD's Annual Report on the U.K. published today.

The OECD forecast is based on the assumption of an unchanged exchange rate, whereas it has been British policy to allow the pound to depreciate enough to keep British export prices competitive. Indeed, the effective exchange rate has fallen by about 1½ per cent since the report was prepared.

OECD experts also express doubts about whether the public borrowing requirement really will fall to the extent predicted by the British Government as the economy recovers. It cites the experience of 1973 and attributes part of the blame to the practice of controlling public spending on a constant-price basis.

The most encouraging forecast for the British worker is that after continuing to fall in the first half of this year, real average earnings will start to rise again in the second half. The forecast emphasises that after taxes, real incomes may fall in the year as a whole by about 2 per cent owing to "considerable fiscal drag."

However, the detailed figures are, the report is meant to endorse the main lines of British policy. A particularly warm welcome is given to the £8 pay limit.

The OECD has long been one of the main international champions of incomes policy. It is against too much flexibility in the next stage, in which it advocates "a small percentage rise and a flat money increase."

## Deficit

OECD opposes any "sizeable boost to demand" apart from selective labour market measures such as those already taken. It emphasises the need both to consolidate the progress achieved against inflation and to contain the external deficit.

The total current deficit in the four years up to the end of this year is put at \$18.25bn. (about £9bn.).

Interest and capital repayments are expected to be about 3½ per cent of export receipts this year. If North Sea oil is to ease the debt problem from 1978 onwards, the other elements in the external account will have to be watched.

The main message of the OECD is that the second stage after the £8 pay limit will determine whether inflation can be progressively reduced, or whether there has been only temporary relief with a snap back to higher inflation rates thereafter.

## tate is 'unlikely to aid rentford Nylons co-op'

OUR NEWCASTLE CORRESPONDENT

JOINT Receiver at Brent-at Wilkinson Sword, Commercial Nylons, Mr. Kenneth Cork, yesterday that he was pessimistic about the prospects of the rentford helping to get a co-operative off the ground.

Cork, a senior partner in Cork, Gully, said that he thought most of the factories in the group could be made to pay way and a workers' co-operative could possibly work if government did provide the

out £10m. would be needed to get a co-operative and the assets were worth more. "Unfortunately, the government does not seem to be getting co-operatives at the moment."

Thames Valley University yesterday released figures showing that Cranington New lost 1,822 jobs in the last year. Others were at set-up a special commission to examine "unethical practices."

## NHBC plans

PLANS PUT forward by the National Housing Building Council to the housing finance review, under which people would be helped to buy their own home rather than rely on council housing, could save an estimated £400m. a year and not £100m., as stated in yesterday's edition.

The Council says that this saving would be possible if building societies could raise more money and increase the proportion of lending on new houses back from the present 18 per cent to a more traditional 22 per cent or 23 per cent.

The NHBC is an independent non-profit making body, comprising nominees of all the officially recognised organisations concerned with private housing, and acts primarily as a standards "watchdog" in the private housing industry.

## Shoe study

Research Association, at Kettering, Northants, has set up a panel to study footwear styles in Europe and North America. The panel will pass information to British manufacturers.

## Lord Shawcross to head probe on corruption

Financial Times Reporter

LORD SHAWCROSS has been appointed chairman of an international commission investigating the improper payment of inducements by commerce.

The International Chamber of Commerce, which aims to foster fair trade and competition, has set up a special commission to examine "unethical practices."

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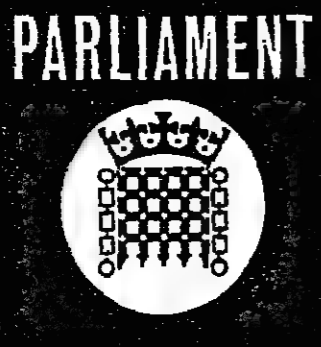
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## Prentice suffers peace role setback

By John Hunt

THE EFFORTS of Mr. Reg Prentice, Minister for Overseas Development, to remain as Labour MP for Newham North-east, received a setback at a meeting of the organisation committee of the Labour Party national executive last night.

It was decided that there was no point in Mr. Ron Hayward, general secretary of the party, continuing with his attempt at a reconciliation between Mr. Prentice and his local party. But one new ray of hope did emerge for Mr. Prentice. This concerned a complaint which he had made to Mr. Hayward about the composition of the party's management committee at Newham.

In a letter, he objected to the activities of the Socialist Educational Association which is affiliated to the Labour Party on the grounds that it has 250 members nationwide. Mr. Prentice claimed that Mr. Tony Kelly, secretary of the Newham North-east party, had managed to get six delegates from the Association onto the general management committee on the basis that it had 250 members, all resident in Newham.

The organisation committee decided that this was "peculiar" and that it was worth looking into, as six members could well sway the vote against Mr. Prentice.

The committee also heard representations from the Parliamentary Labour Party against the proposal which has been pressed in the NEC by Mr. Ian Mikardo, veteran member of the Left-wing Tribune Group, that MPs should come up for re-election by their local parties at least once in the lifetime of every Parliament.

The PLP delegation, led by its chairman, Mr. Cledwyn Hughes, will now put its objections in writing and these will be circulated to members of the NEC before they consider the matter again later this month.

## Minister's anti-Market past recalled

# Peart faces farm deal critics

BY JOHN HUNT

NERVOUSLY sipping a glass of water and shuffling his papers, Mr. Fred Peart, the Minister of Agriculture, rose in the Commons yesterday to give details of the latest EEC farm price review which was settled in Brussels on Saturday night.

His apprehension was well justified. The week-end Press had been full of ominous stories about the unpleasant reception being planned for him by his own backbenchers.

They were seething over the rise in food prices which are likely to result from the agreement and were far from happy at the prospect of British farmers having to feed their animals on Continental skimmed milk powder under the compulsory scheme for running down the huge EEC milk surpluses.

But it was not only the Labour backbenchers who were displeased. Farm price announcements invariably seem to annoy everyone in the House, each for a different reason.

This occasion was no exception. Mr. Peart got it in the neck from all sides—the Opposition front bench, his own Left wing, the anti-marketisers of both parties, and even a handful of pro-marketisers.

Mr. Francis Pym, the Conservative "shadow" Minister of Agriculture, complained that he had not even received a copy of the statement. In any case, he said, it was so long and complicated that nothing

less than a full-scale debate would satisfy the Opposition.

Brushing aside the complex mass of figures presented by Mr. Peart, he declared: "The basic causes of the Minister's difficulties are hyper-inflation at home and the soaring costs to the industry which amounted to more than £1bn. over the past two years."

"These are the reasons why food is going up rather than any action of the European Community. We regret the weakness of the Government's negotiating position."

As a former opponent of the Common Market, Mr. Peart is particularly vulnerable to attack from anti-marketisers. Rubbing in this lesson yesterday, Mr. John Mendelson (Lab. Penistone) reminded him of his former leanings and suggested that he should never have changed his mind.

Mr. Douglas Jay (Lab. Battersea N.), a leading opponent of the EEC, bitterly asked if the compulsory skimmed milk scheme was beneficial to Britain or whether we were obliged to accept it as members of the Community.

In a terse comment Mr. Enoch Powell (Ulster Unionist, Down S.) wondered whether the increases in food prices would have been necessary at all had Britain kept out of the Community.

There were cheers and counter-cheers as Mr. Norman Buchan (Lab. Renfrew W.), a former junior Minister of Agriculture

under Mr. Peart, claimed: "This package is a major defeat for all the hopes with which we entered into negotiations." He claimed that the skimmed milk agreement would put up the price of nearly all food-stuffs sold in Britain.

Another Labour MP, Mr. William Molloy (Lab. Ealing N.), condemned the statement as a "complete farce" and warned that it could have a serious effect on the chances of the Government reaching a new pay agreement with the unions.

Even Mr. John Davies (C. Knutsford), one of the Tories' leading pro-marketisers, had no comfort to offer. He argued that too much regard was being paid to the surplus producers of Europe and too little to the interest of Britain, which was one of their best customers.

However, Mr. Peart is a tougher operator than he appears—a man who may bend before criticism but never breaks. In hurt tones, he accused his critics of being "niggardly" and said that the settlement would add only one and a quarter pence to the retail price index or in the £ to the cost of living by the end of the year.

He maintained that the agreement was a reasonable package which would give Britain greater strength and influence in the Community.

In a parting shot at the hostile Labour backbenchers, he declared: "A man is a silly fool who refuses to face facts."

## Royal prerogative limit urged by Labour MP

BY JOHN HUNT

A MEETING of the Home Policy Committee of the Labour Party national executive decided last night that, in principle, proposals for the reform of the House of Lords and for limitations on the Royal prerogative should be incorporated in the party's programme.

However, any chance of the radical suggestions being officially adopted in the party's manifesto is a long way off.

As a first step, it has been decided to set up a four-member study group to examine the proposals. This will consist of Mrs. Shirley Williams, Minister for Prices and Consumer Protection, Mr. Eric Heffer, the Left-winger and former Industry Minister, Mr. John Forrester, in the section of ASGW, and Mr. Brian Stanley, of the Post Office Engineers.

The proposals may then be forwarded to the annual conference of the Labour Party in the autumn where a vote could be taken on whether they should be incorporated as official party policy.

It was also decided that the Lords would sit to initiate legislation as a revising chamber. Commons would be able to over-ride amendments to bills without incurring the Royal prerogative.

On the Royal prerogative, the suggestion is that the House should be "taken out of the Parliament" as a possible source of law.

The residual prerogative as a possible source of law to the Parliament will be chaired by Mr. Anthony Woodhead. It will meet on March 23 to discuss the proposals.

They deal with greater control over banking and financial institutions although they make any firm Government intervention.

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## Tories scoff as Mrs. Williams claims inflation battle is being won

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

CUTS IN food subsidies could increase the retail price index by 0.3 per cent, by the end of the next financial year, Mrs. Shirley Williams, Prices Secretary, told the Commons yesterday when she stressed the Government's belief that it was winning the battle against inflation.

Only the conviction that the battle was being won made it possible even to contemplate phasing out subsidies, said Mrs. Williams, pointing out that at present there were no plans to reduce the subsidies on food before next July—apart from butter which was to be reviewed in the light of the price settlement in Brussels.

But the Minister's confidence drew indignation from the Opposition, and Mrs. Sally Oppenheim, "shadow" Secretary for Prices, contended that in two years of Labour Government, prices had risen by more than 45 per cent.

By the end of the summer they will have risen by over 50 per cent, Mrs. Oppenheim declared, during a question-time battle in which both sides hurled conflicting statistics of the price and inflation situation at each other.

Mrs. Williams, pitching in with figures for the last six months, said that in this period the all-items index of prices, leaving out seasonal items, has been running at 6.6 per cent, equivalent to an annual rate of 13.2 per cent.

"The Government is rapidly approaching the target it has set itself," she was challenged to say how she reconciled her efforts to reduce the inflation rate with the Treasury policy of allowing the pound to sink without trace.

But Mrs. Williams dismissing as unacceptable this description of Treasury policy, again rounded on Mrs. Oppenheim, whose advice to industry about prices has roused Labour accusations that her aim is to sabotage restraint.

The previous Tory Government's acceptance of the threshold system must bear part responsibility for the massive inflation rate, and a Labour backbencher went on to complain that Mrs. Oppenheim "drove a foreign-made car. This was not helping to reduce imports, he pointed out."

During the exchanges the Tories turned their attack on to the retail price check scheme. Mrs. Oppenheim said her criticisms of the scheme had been reinforced by the Press, which had described the scheme variously as a "con," "bamboozle" or "Whitehall farce". Several large department stores had withdrawn from the scheme. Perhaps the Minister regarded them also as saboteurs, said Mrs. Oppenheim.

But Mr. Robert Maclean, an Opposition spokesman, dismissed this picture of the



MRS. SHIRLEY WILLIAMS "Government rapidly approaching its target."

Prices Under Secretary, claimed that the price check scheme was succeeding. An increasing number of retailers were not only co-operating with the undertaking given by the Retail Consortium, but they were also bringing in new items on which they were prepared to give guarantees about price restraint.

From the Opposition front bench, Mr. Norman Lamont, dismissed this picture of the

situation and suggested that in fact, there was administrative chaos over the scheme. Many shop assistants knew nothing about it, said Mr. Lamont, and he added that the Government could save money by dropping its great price restraints "circus."

Mr. Maclean retorted that the Tories view was traditionally negative. In a scheme that covered 500,000 retail outlets, there was bound to be a number of small "hiccups" at the start. But the scheme was broadly understood.

In fact, the Government had been pressed from many sides to widen the scheme. The list within it covered roughly 15 to 20 per cent of consumer expenditure. It also provided for retailers to add to the list from their own range when they were satisfied they could keep price increases within 5 per cent for the period of the scheme.

Mrs. Williams firmly denied an Opposition claim that three major retailers have withdrawn from the price restraint scheme.

She told MPs that the red triangle scheme was being supported by 19 out of 21 of the major retail chains. "The other two announced their intention not to well before the scheme started."

Mrs. Williams said this indicated that no one had withdrawn and it also indicated that something like three-fifths of the Co-operative units had agreed to take part in the scheme and were now working for it.

## Broadcasting verdict postponed

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE COMMONS last night postponed its decision on whether or not sound broadcasts of its proceedings should be set up on a permanent basis.

When time ran out on a short debate on the issue, the Government agreed with the Opposition that more consideration was needed. So another debate will be arranged—presumably in the near future.

But on the evidence of last night's discussion, there will be a majority in favour of a permanent system for broadcasting the Commons at work.

If, as might be expected, the House of Lords also opted for coverage, a joint Select Committee to go into the practical matters of the arrangements would be appointed.

Mr. Edward Short, Leader of the Commons, recommending this course of action, promised that the Government would do all it could to assist such a joint committee.

Last year's experimental broadcasts had been widely regarded as a success, said Mr. Short. In his view, they had disposed of

fears that an unfavourable impression might be given of Parliamentary proceedings. They had shown that balance and impartiality could be achieved.

Mr. John Peyton, Tory spokesman on House of Commons affairs, agreed with Mr. Short that advantages lay in broadcasting Parliament. But he had reservations on a number of matters which, he maintained, needed more consideration.

The debate showed that this was the view of other MPs on both sides of the House.

## Deputy Speaker not to stand at next election

By Our Glasgow Correspondent

SIR MYER GALPERN, Labour MP for Glasgow Shettleston since 1959 and Deputy Speaker of the House of Commons has officially informed his constituency party that he will not stand at the next election.

The party has asked Labour's National Executive for authority to start procedures for selecting a new Parliamentary candidate.

Mr. James McGrandle, Labour's Regional Organiser for Scotland, who attended the constituency meeting where Sir Myer announced his intention, was at Transport House yesterday to convey Sir Myer's decision officially to Mr. Ron Hayward, the party's General Secretary.

Sir Myer, aged 73, was elected an ILP councillor for the Shettleston ward on Glasgow Corporation in 1952. He joined the Labour Party in 1947 after 27 years in the ILP.

He was elected Lord Provost in 1958.

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# The Executive's World

EDITED BY JOHN ELLIOTT

The Royal Commission on the Press will soon report on Fleet Street's financial and technological future. Rex Winsbury analyses the industry's problems.

## Managing technological change

THE CRY of "physician, heal thyself" is often levelled at Fleet Street, which is fond of turning other industries and governments about how to run their affairs, but has often seemed incapable of coping with its own financial and industrial relations problems. The national Press keeps quiet about its own troubles. It is an account of double standards: if it writes about them, it is accused of navel-gazing.

But the fact is that Fleet Street now offers to students and practitioners of management a case study in technological change, and in the management of technological change, that is probably unique in the British industry. So many elements are present in the Fleet Street situation that it might almost have been tailored as a business-school exercise.

Whether it will be recorded and analysed in that way, is another question. Fleet Street, indeed, the newspaper industry as a whole, has spent relatively little money in the past on getting to know itself, mostly relying on periodic Royal Commissions and other public investigations to produce occasional snapshots of the industry. In this, it is very different from television, which spends money on research into itself almost as a public duty.

But Fleet Street's own front-page story is still just beginning.

grouped around Fleet Street as they once were, the headquarters and printing plants of all the major newspaper groups, not to mention the news agencies and trade associations, are within a few minutes' walking distance of Fleet Street's best known leisure-time attractions, El Vino's wine bar and the Cheshire Cheese pub. This geographical concentration has obvious consequences for speed of communications, comparability of wages and conditions, and job interchange between the various companies.

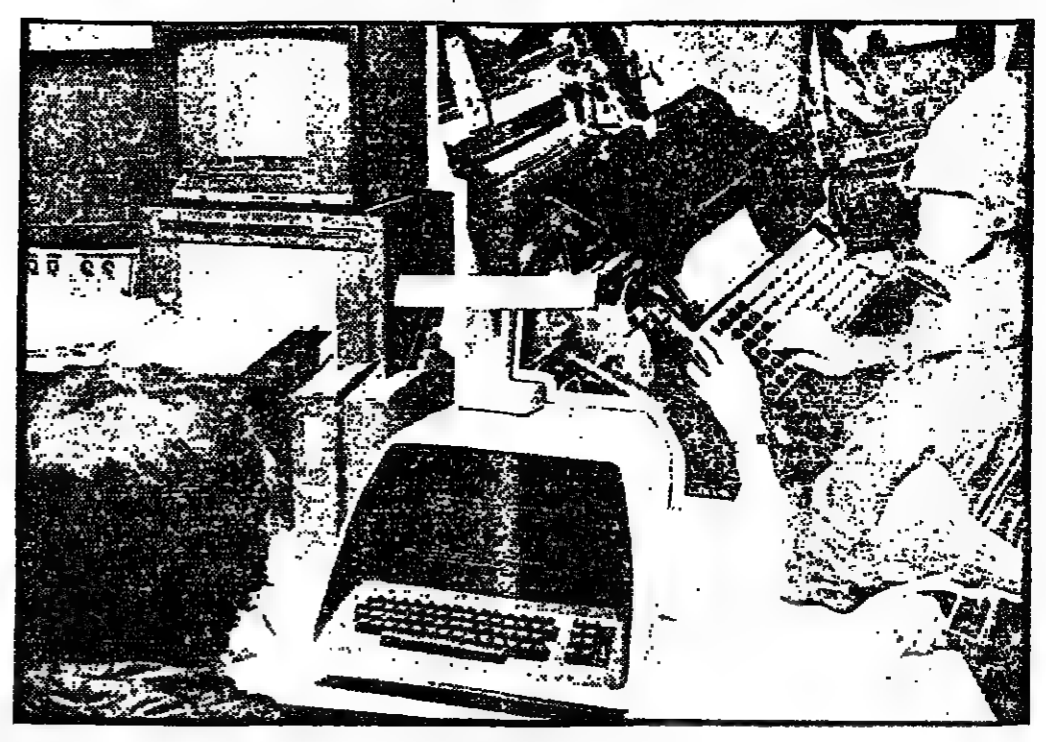
Intense competition between next-door neighbours. Both head-on competition between national newspapers in the same market sector (for example the Daily Express and the Daily Mail) and competition where market sectors overlap (for example between the Daily Telegraph and the Financial Times) mean that every publisher is watching and watching of every other. Competition can be and often is fierce and acrimonious. Yet at the same time there has to be co-operation between competitors: this is necessitated by dealing with the same trade unions over pay and conditions, and is highly desirable on other matters too, such as the impending technological change. But Fleet Street's record of co-operative activity is patchy to say the least, because of the competitive situation and one major company, the Daily Mirror group, has left the employers' official organisation.

Sheer geographical concentration: Although not as tightly

The long entrenched tradition of printing in the area: As early as 1311, it is recorded that a bookbinder in Fleet Street was robbed by five Welshmen. Catton's assistant Wynkyn de Worde (that is, from Worth in Germany) set up the first printing shop in Fleet Street in 1500, just opposite Shoe Lane. The trade of "journeyman printer" or compositor emerged in the 17th century, when a treatise on printing remarked that "Compositors are, jocosely called Galley Slaves." The compositors' trade union (now the National Graphical Association) dates back to 1785. A map of 1724 shows that at a time when London had 75 printing shops against only 28 in the rest of England, at least 54 were in the area north and east of Fleet Street. Thus Fleet Street has for centuries been a centre of printing and newspaper activity.

The scale and probable rapidity of the impending technological change: Fleet Street's century-old technology is now backward by the standards of British provincial and American printing, where computers and electronics, allied with photographic methods of setting type, have been introduced during the past five to ten years. On present plans large parts of Fleet Street are now trying not merely to catch up, but to leapfrog into the latest, most up-to-date development of what is called "cold composition" (as opposed to "hot lead"). The implications are: the abolition of the Linotype and of hand-setting of headlines, etc.; a substantial run-down in the size of the workforce; totally new electronically-based skills for those remaining; and a general acceptance of technological and organisational change over a long period to come.

Strong but sometimes divided trade unions: As in other industries, mergers during the 1960s greatly reduced the number of unions, and took the industry some way towards the aim, first investigated seriously by the TUC in the early 1920s, of one union for the industry. But there is still a clear division between craft unions (the NGA and SLADE, the Lithographic Artists, Designers and Engravers) and the non-craft unions. There is also a clear division between them and the two maintenance unions, the electricians and the engineers, and between them and the journalists' union. In particular, relations between the NGA and the non-craft union, NATSOPA, are sometimes strained because they work in the same areas, but the top jobs are reserved to the NGA. Collectively and individually, however, the printing trade unions in Fleet Street are exceptionally strong. This is partly because the extreme perishability of the product (no-one wants to read yesterday's newspaper) makes the threat of industrial action very potent. It is also partly because the unions operate their own labour exchanges, supplying men (not, it may be noted,



Two printing methods: new video display units and existing Linotype machines.

### Television

Whether it will be recorded and analysed in that way, is another question. Fleet Street, indeed, the newspaper industry as a whole, has spent relatively little money in the past on getting to know itself, mostly relying on periodic Royal Commissions and other public investigations to produce occasional snapshots of the industry. In this, it is very different from television, which spends money on research into itself almost as a public duty.

But Fleet Street's own front-page story is still just beginning.

### Linotype

The age of the existing technology in use: The two critical pieces of machinery in the Fleet Street printing works are the Linotype machine, by which the journalists' and advertisers' texts are set into lines of metal type (Linotype means line of type), and the reel-fed rotary press, which actually prints the newspapers on cylinders from a continuous reel of newsprint. The Linotype was first marketed in 1886 in the U.S. and appeared in this country in 1889. The reel-fed rotary press first appeared at the Times newspaper works off Fleet Street in 1889. The techno-

women) to fill the number of jobs agreed with the management. This means that the relationship between management and unions is not one of employment, but of subcontracting.

Casual labour: As once in the docks much of Fleet Street's operation, in the non-craft areas, in particular where this work like packing and distribution, is done by casual labour. Men may work one, two, three or more days a week, either because they have no choice, or because they have other jobs. Many are taxi-drivers, newsagents, or other job-holders picking up an extra wage. De-casualisation must be one result, or objective, of a technological change. But the system makes it unusually difficult to determine how many casuals there are (some are "casual" at two different newspaper offices), how dependent they really are on employment in newspapers, and how much they really earn. Indeed sometimes it is difficult to determine who they really are.

Proprietorial management: Although professional managers are more and more taking over, the newspaper proprietor, who owns or controls the newspaper, is still a very real figure. Until recently, proprietors have run their newspapers as much for prestige and political influence as for profit. How the newspapers were produced, and at what exact cost, was of secondary importance. Therefore, newspaper companies until recently have not acted under the same rules as a normal commercial company. This has, for example, given the opportunity for the high wages and prudential use of labour that has characterised Fleet Street. The it is, we have the ironic spectacle of an industry not able to

### Retraining

Redundancy terms and retraining: New technology raises the question of what is the fair and practicable way to run down a labour force containing highly paid, strongly unionised and self-confident men, at a time of high general unemployment. If compulsory redundancy is ruled out, because the unions are strong enough to prevent it and the management too socially and politically aware to try and force it, will people volunteer in sufficient numbers, and at what price? Is the price such that the industry, at present weak financially, cannot afford it? It is, we have the ironic spectacle of an industry not able to

## Bowater takes up 'public affairs' trend

THE SMALL, but steadily growing band of companies which at large and even to have some have a "director of public affairs" was joined last week by Bowater Corporation, when a few top executives of the paper to bedroom furniture major U.K. companies have announced that they had privately expressed the belief that "Mr. Reg Abbiss, currently director of public relations at the Post Office, to do his job."

To the more cynically minded, such a title as public affairs director might be regarded merely as a rather inflated way of describing the old traditional and well-known public relations officer. But Bowater itself regards it as embracing more responsible and wide ranging functions.

The development follows the already established by "know the way top executives say U.K. corporations which are thinking, their philosophy we felt obliged to explain and how we are what we are."

Also, he is expected to generate better communications worldwide within the group as well as watching such matters as international sociological developments which could affect Bowater.

The job developed from a growing awareness within Bowater that it had been short on an ability to communicate on this large scale.

Until now, Bowater's methods of communicating with the outside world have been on a somewhat ad hoc basis. For the more major inquiries particularly from the Press, relating to such things as finance and acquisitions, main Board directors have been available. Other matters have been dealt with by various other staff.

It also seems likely that some fence mending may have been required as a result of Bowater having had a bad Press at times on some of its activities.

No indication of Mr. Abbiss's salary level at Bowater has been given. At the Post Office he has been on around £13,000 a year

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TUESDAY, MARCH 9, 1976

## Adjustment is painful

THE VERTIGINOUS events in the foreign exchange markets in the last two trading days have been unlike any previous "crisis" in the market: the authorities not only made very little effort to resist an adjustment, but evidently wanted one. This does not mean that they intended to preside over the mini-devaluation which has occurred. A less disruptive adjustment would have been preferable, and it is possible that our home-grown gnomes, so long adept at defending the rate, are finding that downward adjustment requires new techniques which they have yet to master entirely. That must certainly be the aim, because it will be hard to restore calm and orderly conditions to the London market after one experience of this kind, and it would be much harder after two.

### U.K. inflation

However, the real lesson of this event has little to do with the technical management of floating exchange rates, which is proving a difficult task for the monetary authorities in all the major centres. It is that as long as the British inflation rate is notably higher than that in most competing countries, the exchange rate must adjust, sooner or later, smoothly or jerkily, to reality. For that reason, if for that only, it is an excellent thing that the authorities have made their attitude so clear—letting it be known that they were sellers of sterling last Thursday, allowing domestic interest rates to fall in spite of the events in the exchange markets, and moving to stabilise the rate only after a substantial drop. So long as it is understood that this was entirely a British affair it should also be understood that the fall merely reflects our own past inflation. It will do something to raise wholesale prices, which have recently been stabilising in response to a slower rise in domestic costs; but the rise in import prices cannot be taken as an excuse for further inflationary claims.

The sad fact is that, as we are reminded in the OECD's report on the U.K. economy, we still have a long way to go in adjusting our consumption to the purchasing power of what we produce. When the Chancellor claims, as is his habit, that his

policies have avoided the worst of the world recession for this country he fails, unfortunately, to explain that they have done so only by postponing an adjustment which some other countries have virtually completed. That is the meaning of the falling value of the pound, of the continuing deficit both in our public finances and in the balance of payments; it is the reason why, in spite of a depressed economy, demand management must remain tight for the foreseeable future.

The priority, as the OECD argues, must remain to reduce the rate of inflation; and the fall in sterling, while it may somewhat increase the difficulty of the task, also increases the potential rewards. First, it has restored competitiveness to U.K. exports. Second, by getting the immediate adjustment need out of the way and so taking pressure off the forward markets, it should make it possible for a time to live with a lower interest rate margin over foreign centres.

An effective follow-through to the present counter-inflation policy could consolidate both these gains, and achieve a considerable improvement in the outlook for exports, output and investment. Falling interest rates can also directly reduce the cost of housing and housing subsidies: the authorities are taking the risk of establishing a structure of rates which would be appropriate to a lower inflation rate before it is in fact achieved.

**Opportunity**  
 It is now to be hoped that the trade unions will recognise what is a brief and in some senses unrepeatable opportunity to consolidate what has already been gained, and advance further. There is hope as well as warning in the OECD report: real wages, which are falling sharply at the moment, should stabilise and begin to grow modestly before many months have passed: unemployment will take longer to respond, but, again, we are approaching the worst. With a willingness to face and accept the necessary adjustment to our national income claim, we will soon be poised to begin the long, slow recovery. Without such a willingness to manoeuvre can stabilise the exchange rate or the rate of interest, or prevent the recession deepening still further.

## A partial success for Mr. Peart

BRITISH FARMERS have been going through a bad period, largely because of the weather. This year's Annual Review of Agriculture, published yesterday, states that while over the nine years to 1973-74 real income per full-time farm almost doubled, in 1974-75 it fell by some 16 per cent. and probably by about a further 10 per cent. in 1975-76. In 1974 cereals production reached a record 16.4m. tonnes; in 1975 it fell to 13.8m. tonnes. At the same time, there has been a sharp rise in farming costs.

**Cost of living**  
 It is therefore welcome that the farmers are now being offered a better deal. The U.K.'s own annual farm review is much less comprehensive than it was because of membership of the European Community, but in the areas where the national decision is still paramount the increase in the guaranteed prices are substantial—18 per cent. for sheep, 22 per cent. for wool, and 43 per cent. for potatoes. There is also to be a £30m. increase in capital grants mainly directed to the better use and conservation of grass for livestock and to economic milk production. As Mr. Fred Peart, the Minister of Agriculture, said yesterday, there are now good grounds for confidence that 1976-77 will be a better year. Even Sir Henry Plumb, the president of the NFU, seemed to echo him in his initial reaction: "There does now appear," he said, "to be a firmer prospect for a recovery of both output and income in the year ahead."

British farmers have no reason either to be dissatisfied with the results of the price review in Brussels, though here the consumer must be more sceptical. It is true that the effect on the cost of living index will not be large—Mr. Peart has

put it at less than 1 per cent., and of this almost half is accounted for by the arrangements in the Treaty of Accession and not by the increases agreed at the week-end.

Yet even if the rise in prices is to be modest, the consumer can only conclude that the common agricultural policy is exceedingly slow to change. Mr. Peart has been arguing for nearly two years now for the right to operate a system of variable premiums to beef producers alongside the Community system of intervention support. Indeed, this was one of the main objectives in the British renegotiation of the terms of entry. He has won derogations, but the principle has not yet been fully established and the Community contribution to the premium system will now be less than in the past. It is claimed as a British success that the Commission has undertaken to produce a detailed report on the respective merits of intervention and the full premium system; experience does not suggest, however, that this means the British system will be quickly adopted, even if the report comes down in its favour.

**Surpluses**  
 It is much the same with dairy produce. All decisions of finding ways of dealing with the Community's structural surpluses have again been deferred. The Farm Ministers will not now agree on a system of making dairy producers partially responsible for their surpluses until September at the earliest: in the meantime, surpluses may increase. Mr. Peart suggests that even this is a breakthrough, though in fact it was proposed by the Commission two years ago. It certainly underlines the need for persistence.

John Cherrington analyses the significance of the latest British and EEC farm price reviews

# Pleasing the farmers but not the policy reformers

THE MAIN significance of the Brussels farm price negotiations which ended at the week-end is not the increases in food prices that the agreement entails but the failure, for it is nothing less than that, of the U.K. Government's intention, made clear at the time of the EEC referendum, of reforming the Common Agricultural Policy. The Government's declared aim was to obtain changes which would mean an end to the building-up of costly surpluses and give the consumer any advantages stemming from surplus production rather than allowing the Soviet Union or other overseas purchasers to gain cheap foodstuffs at the European consumer's expense.

The agreement, combined with the U.K. farm price review unveiled yesterday and the next step in the transitional period of lifting food prices, will raise British farmers' returns on the commodities receiving direct support by an estimated 12 per cent. for the coming year, with the transitional arrangements playing the major part for most commodities.

Mr. Fred Peart, the Minister of Agriculture, made a mistake perhaps in declaring well in advance of the Brussels series of meetings that he was determined to retain the beef premium scheme. This allowed the housewife to purchase beef cheaply with the help of what is in effect a deficiency payment, instead of sustaining the market by buying up beef and putting it into cold store as in the rest of the Community. Over the past year this arrangement managed to avoid the embarrassments of intervention buying in the U.K. To date it has cost something over £100m., half paid for by the U.K. Treasury and half by EECAG, the Community agricultural fund.

### Disapproving noises

Because he nailed his colours to this particular mast, Mr. Peart was unable to bring much weight to bear on the far more serious problem of the Community's milk surplus, which is already costing £1.1bn. or about £44 per Community cow. It is true that he did make disapproving noises about any increased price for milk, but with all his efforts concentrated on beef his move was ineffective.

And in the case of beef premiums his victory was Pyrrhic. The premiums have been effectively halved and the EECAG contribution has been cut from half to 25 per cent. He was probably lucky to get as much as he did because the general attitude among other Ministers and the Commission has for some time been that the sooner Britain gets in line with



Mr. Fred Peart, U.K. Minister of Agriculture, in persuasive mood, but not persuasive enough, judging from the expression of Mr. Pierre Lardinois, European Commissioner responsible for agriculture.

the rules of the Community the better. No other country of the Nine has, historically, had a cheap food policy, and there was no demand for it at all by politicians elsewhere in the Common Market.

The EEC philosophy on food as set out in the Treaty of Rome is that the customer must pay the market price or go without. And there is no sign that food prices could be a vital political interest as they are in the U.K.

The farming lobbies in all member countries are still very strong, although something like half the farming population has emigrated to the towns in the last 15 years and the effective agricultural population is probably less than 10 per cent. of the EEC's total population. The pressures on individual Ministers are very strong. M. Christian Bonnet, the French Agriculture Minister, for example, is strongly influenced by violent demonstrations not only by wine growers in the South (which have led to deaths) but by dairy and stock farmers in other areas.

In most of the countries, farmers are far from being poor peasants. Rather, they are men with small to medium-sized businesses who have found that the quickest way to get results has been to take to the streets, stop a few trains and otherwise make a nuisance of themselves. They have no history of the

well-ordered ritual of the falling. The basic cause, other than seasonal factors, both in the U.K. and elsewhere in the Community, has been the relationship between the cost of feeding stuffs and milk. For the past year it has been possible to buy feed, and turn it into milk at a profit in a way unknown for many years.

The weakness of the EEC system is that there is no overriding authority that will say to the assembled Ministers: "Enough is enough." At the Treasury used to do in Britain. Instead, each Minister is looking over his shoulder to see just how fierce the pressures are. Even the Germans, who are the main paymasters, have been strangely muted of late as the Federal elections draw nearer. Although in the past Herr Josef Ertl, the German Minister of Agriculture, has been loudest in his criticisms and most prolific in his suggestions for reform, even he appears in public at least to be as gentle as a dove.

This means that though the Commission has produced plans, for reform under which farmers would bear the costs of their excess production, they have got nowhere because Ministers have not been able to accept the political consequences. It is only Mr. Peart, with a farming constituency of historic docility, who has the temerity to suggest anything of the sort.

It is in milk that the main crisis is occurring. Since the last quarter of 1974, production in all the main Community countries is up by about 6 per cent., but consumption of dairy products and liquid milk is

down by about 1 per cent. The surplus is now about 1.1m. tonnes. The surplus is now about 1.1m. tonnes. The surplus is now about 1.1m. tonnes.

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330,000 tons of butter are now shipped to the U.K. annually from the Community. Had this outlet — with prices within it steadily increasing as the transition arrangements progressed — not been available, this butter would either had to have been stockpiled or dumped at world prices. Thus, if Britain had not been an EEC member, there could have been a saving in the cost of butter imports alone of the order of £400 or £500 per ton.

It is not sufficiently realised that Britain has been a major support for the Common Agricultural Policy in providing an almost unlimited outlet for surplus Community produce. It is a position which should be one of great strength, but the U.K. Government is either unable or unwilling to exploit it.

The milk situation is likely to become more acute in the future. The expected 6p per gallon rise in the British farmers' price will almost certainly mean a steadily increasing U.K. production, even though feed costs may go up too. Almost all the extra milk will have to go into butter, as the liquid market is already showing signs of falling and will probably drop substantially as the subsidy is removed. In any case, the rise in the price of butter and cheese, the former up by 8p a pound by September, is expected to reduce consumption. It is estimated that once butter reaches the Community level of 60p a pound, annual sales could shrink by some 200,000 tons, or 40 per cent.

This situation has been apparent for a long time. But the Government and the NFU, by calling for increased production, have displayed a defiance of the facts which is incomprehensible. Their argument is that, because British farmers are competitive, production increases at home should make it possible to keep the foreign product out. This would have been fine had there been any means whereby the national market could have been kept free of Community imports, but there is not; as a Community member, Britain's surpluses only add to those of the EEC.

One suggestion put forward in Brussels is that New Zealand supplies should be phased out. Although it is the British aim to continue to keep some sort of a market here for New Zealand butter this could be swiftly eroded.

It appears unlikely that the beef premiums retained by Mr. Peart will prevent some beef going into intervention during the next year. The average target price is about £28.60 a live cwt, while the intervention price when it is at that level will be approximately £23. The average market price to-day, which is the time of year when the shortage of supplies is most apparent, has only just reached this figure. There has

been a marked resistance to beef at this price. The fact that a considerable tonnage of beef going into intervention in Ireland instead of being sent to the U.K. indicates the market could soon be as tight as the recession could hurt the housewife, with high cost of potatoes a costly factor.

Pigs and poultry are exported in the EEC, although there is some aid for storage of pigmeat on a large scale. Producers could more difficult time because the automatic raising of prices and the scheme to compounders to use a pig of skin, milk powder in rations instead of imported cakes, particularly soya, has been cheap recently. It is significant that the countries which have done furthest in this respect are Holland, Belgium, Denmark, had access to feed, while France and Germany, where cereal prices were high, had not experienced the same development. Now signs that these costs in some European countries are putting pressure back in the hands of farmers and part-timers of the large and almost trial concerns. This is a crisis which could happen in Britain.

### Substantial increases

Yesterday's price review for sheep wool, potatoes remain the reliability of the British Government. The increases given are substantial and will be supported Treasury guarantee. The for sheep will probably the decline in the flock over the past year; a guarantee of £40 per 1 academic in the light of prices but could be realistic in a few months. In any case the Community expected to bring in a report on potatoes in the future.

The Government proposes to maintain the production of calves and beef cow the end of the transition on January 1, 1978. Increases are hoped for EECAG supported grass hill cattle and farm in meats. Their basis, he has yet to be determined.

The combined Reviews pleasing farmers, will do to solve the inherent community problems of overproduction, high food prices expensive subsidies. It is clear the cost to Brit higher priced imports. Community policy is difficult to quantify with any accuracy, although world prices for the major foods are 80 per cent. of those reached this figure. There has

## MEN AND MATTERS

### Two women for the IoD Council

The Institute of Directors, whatever its image, allows itself to be slightly amused about its attitude to women. They have been admitted to membership right from the 1903 inception. The actual number of female directors has remained fairly static over ten years at some 900 out of a total membership of 40,000. But it has taken until this week for the Institute to appoint a couple of women to its ruling Council.

The problem, an IoD spokesman said yesterday, was that the Council, at present 29 strong, is composed of men at the top of their businesses and finding women in equivalent jobs was difficult. Hard to understand why they didn't light sooner on André Grenfell, who joins the Council along with Sheila Black, ex-journalist, now on the Board of the Interflex flexible time working company.

The daughter of writer Stephen Grenfell, Miss Grenfell started out wanting to be an actress, but decided to go in for retailing after taking a temporary job at Harrods. She moved on eventually to become general manager of the Peter Robinson store in Oxford Circus and was on the Peter Robinson Board by the time she was 30. She shifted to Harvey Nichols with responsibility for the planning and redevelopment of the Knightsbridge store. While there, she admitted candidly to "constantly being offered other jobs," and she moved on again to become the U.K. managing director of Elizabeth Arden, the cosmetics group.

The offers must presumably keep coming, for on June 1 Miss Grenfell, still in her thirties and married to the managing director of a stores group,

becomes head of the European operations of the American Glemby International, one of the largest hairdressing and beauty salon businesses. She will have specific responsibility for building up its British operations, and will be a senior vice president of the parent company. The latter, she thinks, makes her the first British woman to go on the Board of an American concern.

Times are changing rapidly, she reckons. "Five or six years ago I would never go anywhere and meet senior women executives from other companies." Now she does, and, most important for the future, sees a lot of young women evident in "lower middle management." Miss Grenfell does, however, express "grave concern that equality is being mistaken for sameness." A few years ago, it was suggested that she was the highest paid woman in U.K. retailing, but, two jobs on, she prefers to keep secret what her Glemby salary will be.

### Chasing Chinese paper

Chinese walls may be cluttered with arguments about the misdeeds of "capitalist raiders," but the country's desire to sell into the British market seems to be growing apace. At the Ideal Home Exhibition, for instance, China is vying with the determined capitalists of the AEG group for the distinction of having the largest stand. ARG may do well with an ambitious history of electricity display, but China will surely charm with the presence of an em-broiderer and an ivory carver, over from Peking for the occasion.

Then take paper. The chances are if you go to your local baker and buy a non-sliced loaf, it will be wrapped in Chinese tissue paper. A handbag for



"Just ignore the extra cost and think of the pleasure of lying on some Continental beach watching the frauc and the lira come under pressure."

the wife will probably come stuffed with Chinese paper to help it keep its shape. One of the people closely involved in the import of Chinese supplies (now accounting for between a third and a half of all the cheap sheeted packaging tissue paper imported by Britain) is Nigel Quiney. After more than ten years of buying paper from China, he is preparing for his first trip there to inspect for himself where the stuff originates.

Quiney is director of the family firm of Ridley Quiney, one of Britain's biggest packaging paper importers, founded by his father in 1918. Nigel Quiney says the Chinese have wanted to sell better quality paper but cannot meet the higher specifications.

On the other hand, dealing with the Chinese tends to be a straightforward exercise once

the order is in: "There is never any question," Quiney says, "of false description or sudden change in quality of the product. I can point to other more sophisticated countries where the quality of paper can be excellent one week and poor the next."

Quiney is not yet sure what he will be doing in China apart from looking politely around the mills. He may be able to pass on the latest developments in the field, which include the making of a very thin tissue that might be a rival for paper eventually. Not just yet, though, as the makers will have to get round the familiar problem of disposal of the plastic.

### Real room service

Another story on the oddities of the East. A sales gimmick which, with all the cynicism in the world, it's difficult not to admire was carried on the back of a Qantas magazine, and I'll let the opening sentences tell it all. "It's only natural that the world's largest international hotel chain would give you the supernatural."

"When you're far away from home, it's comforting to know someone is watching out for you. That's why, at our Inter-Continental Hotels in Bombay and Bangkok, we have an astrologer-in-residence at the service of every guest, day or night."

### Look ahead

The Foresight Business Studies Group put an ad in the Irish Times last week regretting "that due to circumstances beyond its control the meeting at 8 p.m. to-morrow (Thursday) evening has been cancelled."

Observer

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# Where life isn't all beer and skittles

CHEER UP: the Dutch may be worse off than we are. They are at present suffering from an attack of the British disease that is probably more virulent than our own, although they seem better placed to survive it because they have enjoyed many years of growth at a pace to which we could not begin to aspire. Their economy is now in danger of tripping itself up over the impossibility of combining further growth with a continued increase in their indexed welfare payments—all of which are tied to a minimum wage that at last week's rate of exchange amounts to some £3,200 a year.

The political danger that their face is also familiar, at least at the level of central government. Their Labour Party-led Cabinet is, shall we say, heavily influenced by their version of the TUC, and I would not like to bet on which of us is closer to the establishment of a permanent corporate State.

Before enlarging on this it must be said that at the level of personal liberty it is we who are worse off than the Dutch. Their Press is less circumscribed than ours, and it is not under the kind of threat that ours faces. Their reporting of the allegations against Prince Bernhard (following the admission from Lockheed that it has paid money to win contracts) would be impossible in British newspapers if a British public figure were involved. To the Dutch all censorship is a mere memory.

Some of their new freedoms are frivolous. Amsterdam must by now have earned the title of "the most unrestrained capital on the Continent" and in the past year or so its liberal diversions have been copied

in many smaller Dutch towns. There are people who will find this regrettable: indeed I met Hollanders who were young ten years ago, when it was all just beginning, and who are now wondering whether the discarding of every restraint has been accompanied by an increase in happiness—and doubting it.

## Freedom

In areas that seriously affect personal freedom, however, there is no doubt that the Dutch have much to teach us. I asked the secretary of the most powerful and radical of the trade unions, "Do you aim for a closed shop?" and he replied "We have discussed this in our movement since the end of the 19th century—and those who are against it, in our own unions, are in the great majority." To the same question a Government official replied, "The Dutch people would not stand for it," and another trade union leader said, "We do not like to force people to be members. It must be voluntary." About 40 per cent of Dutch workers belong to unions. (These answers are similar to the answers received when I asked the same question on a recent visit to West Germany, and my colleague William Duffell confirmed from Stockholm yesterday that in Finland, Denmark, Norway and Sweden—all heavily Left and heavily unionised—there is no closed shop principle.) Only the British, it appears, will accept draconian measures that are not verily imposed when the complaisance of its leading politicians is recalled.

To understand the magnitude of what has happened to Holland it is necessary to start with 1945, when the nation seemed

to take the same kind of vow of hard work and co-operation between capital and labour as the one that led West Germany to such prosperity. The old Dutch society, with its religion-based parties, and its division of every organisation (trade unions, businessmen's confederation, broadcasting stations) according to religion or lack of it, seemed rigid.

Within half a generation this has been replaced by what can only be called the soft society. The confessional parties are being overtaken by ideological parties, and the new form of division is being mirrored in every other sector of public life. The trade unions have openly chosen confrontation: they have embraced ideology with the fervour with which most Dutchmen formerly adhered to the forms of religion. The frivolities of Amsterdam are just one aspect of the soft society: the virtual unsackability of most workers, the over-generous provisions of the nearly indiscriminate welfare system, the unwillingness to face any tough decisions are all more important facets of it.

The welfare payments are amazing. Every Dutchman has his own tale about so-and-so who has wangled a life benefit and who nevertheless manages to go on working for secret, untaxed, "black" wages. The figures suggest there may be something in such yarns. In 1968 the number of sick, long-term sick and invalided-out persons was 460,000, or 12 per cent of all wage-earners. Last year the absolute number had risen to 740,000, or 18 per cent of the workforce. Add the current unemployment roll to the total and you get nothing less than 22 per cent of the



Mr. Joop den Uyl, the Dutch Prime Minister, forced to face the arithmetic.

supposedly wage-earning population on welfare. It is not hard to imagine the costs of this system. Employers now pay 26.15 per cent of average wages in social security; employees pay 23.3 per cent. The official projections published by the Central Bureau for Planning a couple of weeks ago suggest that on present trends—which includes a new policy of restraint—the employees' contribution will

rise to 26.8 per cent in 1980, when the employers will have to find 33.2 per cent. The cost of social security plus taxes was some 32 per cent of net national income in 1973; it is expected to be nearly 67 per cent this year. In 1980 on present plans for "restraint" it will be heading for 62 per cent.

Last December the Cabinet, led by Mr. Joop den Uyl, was forced to face this arithmetic; mean, on its expected GNP

from much of the heady idealism which its Labour Ministers breathed in when it took office, after much bargaining, in 1973. When it started, unemployment stood at around 100,000 and it promised to reduce this figure: it is now 240,000 and the Central Bureau for Planning expects the number to be just about as high at the end of the decade. Mr. den Uyl's administration has certainly met one of its primary objectives: the levelling down of incomes. The real income of pensioners increased by 6 per cent in 1974 and 9 per cent last year; the equivalent for the minimum wage earner was 3 per cent in 1974 and 5.5 per cent last year. For the "model" income-earner—a married man with two children on about £4,400—the increases were 2.5 per cent and 3.5 per cent: for anyone on four times that much there was a fall in 1974, and a 1.5 per cent rise last year; the plan for this year is a fall for anyone on more than the modal wage. The medium-term aim is that no one shall take home more than five times the minimum net income. But other ideals have been abandoned or modified under the pressure of events.

The restraint decided on by the Government is a plan to limit the increase in Government income as a proportion of national income to 1 per cent a year until 1980; argument about this is at the core of the bargaining towards a new "social contract" (they use the phrase too) that they hope will come into force when the six-month freeze ends in June. The Central Bureau of Planning has shown that even if this considerable cut-back in the growth of public spending is achieved it will mean, on its expected GNP

growth rate, that nearly all the extra national income will go to the "collective" sector. There would be a fraction of 1 per cent left over for investment, and precisely nothing for private consumption.

Many trade unionists understand what this means for their workers, but the powerful Dutch Left has adopted an arcadian, genuinely idealistic attitude. Its text is a work by Mr. Aric Groenevelt, president of the socialist Industrial Workers' Union, which is the biggest of the unions affiliated to their largest national federation. Called "Life isn't all beer and skittles" it preaches endearingly about a world in which possession of money, goods or knowledge would not lead to any advantages or authority over others.

In Britain such a document could be laughed off as the product of the more fanciful Left; in the Netherlands it strikes a chord among some trade unionists and many of the young, and its echoes can be discerned in statements by some of the politicians, and trade unionists who do not share Mr. Groenevelt's egalitarian vision. He wants evolution towards his model society. The levelling of incomes is one step of which such people approve: the plans for works councils that exclude management (so far unsuccessful but taken seriously by the Cabinet) constitute another. The Dutch coalition is a complicated thing—their version of proportional representation by party list is too open to small crankish groups to be easily managed—and even though its non-socialist elements constitute a brake on Mr. den Uyl he must also pay due regard to the Left's accelerator.

But it does seem to the outsider that, just like here, there is probably a Dutch majority in favour of centre-of-the-road policies; the test will come at next year's elections. Meanwhile Dutch businessmen are beginning to catch the new style of coming out into the open, fighting. Earlier this year nine of them, representing Royal Dutch/Shell, Philips, Unilever, Hoogovens and others down in size to the newly-aggressive VDF-Stork, produced an "open letter" to the Government.

It called for lower taxes, cuts in social security, an improvement in the business climate by means of "a constructive approach to the Dutch business community" and similar reforms. Privately, some businessmen are less pessimistic about the overall trend than this statement might suggest: publicly they are encouraged by the poll that showed that their open letter had enjoyed a favourable reception and widespread support from a majority of voters. The Dutch have a stubborn streak in them; even in their present soft society there are those who do not give in as easily as so many of our own important persons do.

## Shock

This long-run optimism persists even when it is acknowledged that Queen Juliana will, in all probability, abdicate later this year, whatever the outcome of the Barnhardt enquiries. The expectation is that there will be a deep shock, the accession of a new Queen, and then a return to normal. The political effect is thought likely to depend on how the wily Mr. den Uyl handles it all.

## Letters to the Editor

### Ineffective use of capital

From the Director, National Materials Handling Centre.

Sir,—In "Executive's World" (March 5) Geoffrey Owen demonstrated that other countries have obtained more manufacturing output per increment in capital equipment than we have in this country. He goes on to argue that the U.K. weakness does not lie in lack of investment, but that it is ineffectively used, and suggests that there is considerable scope for getting more out of existing factories. My department recently had the opportunity of researching one aspect of manufacturing cost in 30 engineering factories, selected at random. We would endorse this view. We estimate the potential savings from improved space utilisation and material flow at 180m per annum for the engineering and allied industry alone.

As reasons for the ineffective use of capital, the familiar arguments are advanced. First, there are the constraints imposed by trade unions. My department, with overseas managers suggest that they have similar, if not more stringent, constraints imposed upon them. Second, there is the "weaker manufacturing management in the U.K." argument. My department's contacts suggest that our management is no better and no worse than its counterparts in other industrialised countries. The BIM convention, which you report on the same page, reflects the growing frustration of U.K. management with its inability to use its skills effectively.

While I agree that "getting more out of existing factories is primarily a matter for management," we also need to recognise the constraints imposed by existing factory sites and buildings on the development of efficient systems. Our study indicated that most sites have developed on an ad hoc basis over a number of years, and that many of them would now require major reorganisation to achieve any effective cost reduction. Present day factory building practices favour a "big bang" approach, removing the constraints on movement and control. This can be compared with the Hozarthian conditions which exist in many of our factories with a multiplicity of small buildings, a complicated flow pattern and inadequate storage facilities.

I suggest that one reason for low capital productivity is that we are "throwing good money after bad." It is a plea for new hotlines for the new wine. I also feel that it is time to stop using the unions or management as the "whipping boys" for low capital productivity. The truth of the matter is that we have created economic conditions in which it has not been possible to take a long-term view of the planning of production facilities. The adoption of short-term expedients has led to the stage where many of our existing factories require major reorganisation if they are to be efficient. It is creating a real challenge. If it does occur, I am convinced that neither our unions nor our management will be found wanting. If it doesn't... J. M. Williams, Cranfield Institute of Technology, Cranfield, Bedford.

### Subjective indicators

From the Deputy Director, Central Statistical Office.

Sir,—Your leading article on the "hidden costs of redistribution" (March 5) invited the

Central Statistical Office to devise ways of measuring the value placed by private households on public services. I suspect that the suggestion was made with at least half a tongue in cheek: the writer was pointing to the formidable practical problems—not to mention cost—of providing worthwhile subjective indicators of this kind. In fact our existing work is already among the most advanced in the world. Its inevitable limitations are fully acknowledged in the Economic Trends, but without this information it would be impossible when framing policies—such as the Budget measures for example—to take any account of their effects on redistribution.

A. J. Boreham, Cabinet Office, Great George Street, S.W.1.

### Majority voting

From Mr. A. Denton.

Sir,—The Director of the Electoral Reform Society makes a number of wild and wholly unsubstantiated claims in his letter of February 22.

The proportional system is wholly inferior to the French system of majority voting in which there is no voting on one Sunday for all the candidates in a constituency, and the following Sunday, voting for only the top two in the first vote; thus each elected candidate must have a majority of the votes cast when he is elected. This system could certainly be used for the European Parliament.

I find the proportional representation system or the single transferable vote a complete nonsense, involving as it does the concept of a non-existent situation. Moreover although I vote for a number of organisations I have never been asked to vote either of these hybrid systems.

A. D. Denton, The Cottage, Downs Avenue, Pinner, Middlesex.

### Improvements at Heathrow

From the Head of External Relations, British Airports Authority.

Sir,—We are very aware of the problems facing passengers of Heathrow at the moment, and are endeavouring to overcome them as rapidly as possible. They are to a large extent caused by the very confined space in which we are making major improvements.

The European airports Mr. Grima (March 3) cites do provide more space per passenger at the moment than we are able to provide in the central area. Locked as it is in its island site, Heathrow handles over 21m passengers a year and is the busiest European airport—its Terminal 1 alone handles more passengers than Zurich and Geneva airports combined.

Current alterations will improve capacity but at the moment combined with a lack of space they hamper us in achieving efficient and clean facilities and make passengers feel constrained. For this we apologise. We certainly take the design of other European airports into account and looked closely at four of them before starting our Terminal 2 conversion.

British Airports Authority, as a nationalised service enterprise, has a responsibility to the taxpayer as well as to the air passenger. Providing over-elaborate airports at considerable cost to the taxpayer is not our philosophy. We have consistently made a profit every year since our inauguration ten years ago

and financed 95 per cent of our own capital expenditure. We believe we should provide airport facilities which the country can afford. In 1974, among others, the Paris airports, Frankfurt and Geneva airports all returned losses.

Domestic M. Leahy, 2, Buckingham Gate, S.W.1.

### Value of public relations

From Mr. F. Jenkins.

Sir,—At a time when many sections and representatives of the media are making derogatory references to public relations, you are able to report excellent news from companies such as BOC and Rentokil which have made consistent use of professional public relations for a great many years.

For instance, it seemed a great pity that Sir Huw Welsh, the former managing director of BBC TV should refer to "PR rubbish" when writing an article in the Radio Times. Similarly, the expression is dragged in by journalists and broadcasters to describe anything which they consider to be an attempt to hoodwink the public.

Why is it that public relations is left out of the curricula of British University courses so that it becomes almost an intellectual pursuit to deride the process of communication in order to establish understanding and reputation? I am not thinking only of the U.S. where so many universities teach PR. In my travels I have found PR taught in Universities in countries as diverse as France, Egypt, Nigeria and Ghana. But not in Britain! Here, PR is so misunderstood that it is converted into the Aunt Sally of teachers, students, politicians and journalists.

The nub of the problem seems to be that PR is not an integral part of business training, but businessmen are apt to adopt their own special and warped interpretation, and people in the media judge PR activities—which are far more complex than, say, marketing or even advertising—by the obvious, but encounter. The truth is that Britain's most successful companies have been using PR at all levels of their organisations for a very long time.

F. Jenkins, 24, Ballards Way, South Croydon, Surrey.

### Monitor on largesse

From the Chairman, Stewart Nairn Group.

Sir,—I have been following with some interest the sad saga of the hosiery producer Bear Brand. In his recent plea to Mr. Wedgwood Benn's Department for further Government taxpayer assistance, the managing director drew attention to the following situation: "Bear Brand employed 450 people and it would be wrong for their jobs to be put in jeopardy as the company could now see a situation where they could double their weekly production to 30,000 dozen pairs of tights."

To those who are engaged in the hosiery trade and have not had recourse to the need for recourse to public assistance the necessity for the latter will be no surprise having regard to the information quoted above. As a matter of interest this group through its subsidiary hosiery manufacturing division has for many years succeeded in producing 15,000 dozen per week of ladies' tights with a work force of 93 persons. One wonders how many similar insti-

tutions have had the benefit of Mr. Benn's largesse both for geographical and non-geographical reasons.

I think it is time that a proposal was put in Parliament for the taxpayer to be represented by some form of Ombudsman with a specific brief to monitor Mr. Benn's largesse before they are given public utterance and become inevitable.

N. J. E. Ostrom, 32-33, Margaret Street, W.I.

### Profit sharing advantages

From Mr. I. Hazell.

Sir,—John Trafford's article (February 25) implied that worker participation at Board level, glossy annual reports for employees and teachers would bridge the identity gap between company and work force. Mr. Robinson, last Monday, made the point that worker expectation of income, whatever the profits of a company, is one of the main problems of the private sector.

Surely schemes whereby a proportion of the employees' benefits is linked to the fortunes of a company would solve these problems: either through profit sharing schemes, which would be preferable for the majority of companies, and would be dependent on the level of profitability of a company, and can be positively understood by the work force; or by an appropriate form of acquisition scheme.

The sooner profit schemes can be introduced into company structures, the sooner employees of a company will identify part of their emoluments with the success (or otherwise) of their company.

I. H. A. Hazell, Cockman, Copeman and Partners, 163, Temple Chambers, Temple Avenue, E.C.4.

### The only source

From Mr. D. Holmes.

Sir,—When considering inflation and the current financial position, I suggest the nation accept that no organisation—be it a limited company or a government—can spend more than it earns unless it wishes to become bankrupt.

Yet in order to give our nation its present standard of living (our Health Service, social services, education, unemployment benefits, and all the other facilities we enjoy in our Welfare State), successive Governments, have been spending more than we have earned.

Mr. Denis Healey, the Chancellor, thinks that the answer is to cut the future cost of some welfare services, but he does not admit—or tell the nation—that we shall still be spending more than we earn, which must result in our going bankrupt in the end if it continues. When will someone, Labour, Conservative, or Liberal, tell people that the answer to our present problem is for each one of us to earn more—so that we can afford the continuation of our present standard of living?

In the language of politicians and economists, this means "increasing our Gross National Product." To the workers—from the working man to the professional man—this means doing a full week's work for your week's pay. This must be obvious to any politician worthy of the name. Why don't they spell it out to the nation?

Had everyone been doing this over the last few years, we would not be in the dire financial straits in which we find ourselves today.

Derek H. Holmes, "Sunway", Southlands Crescent, Leeds.

## To-day's Events

House of Commons begins two-day debate on White Paper on Public Expenditure 1975-80.

Mr. Michael Foot, Employment Secretary, speaks in Carshalton by-election campaign, Carshalton High School.

Royal Commission on Press hears oral evidence from Mr. M. H. Fisher, editor, Financial Times; The Observer; Lord Goodman, chairman, Newspaper Publishers' Association; and Mr. Charles Windsor, editor, Evening Standard, Waldorf Hotel, W.C.2.

British Airports Authority gives evidence on its report and accounts to Select Committee on Nationalised Industries sub-committee, House of Commons.

CBI Yorkshire and Humberside Regional Council meets, Leeds.

Sir Lindsay Rine, Lord Mayor of London, attends Carman's Company dinner, Mercers Hall, E.C.3.

Parliamentary Business: House of Commons: Debate on public expenditure White Paper; House of Lords: Trade Union and Labour Relations (Amendment) Bill, third reading; Prevention of Terrorism (Temporary Provisions) Bill, report stage; Post Office (Banking Services) Bill, second reading; Debate on policy to be adopted by British dele-

gation at Law of the Sea Conference.

Official Statistics: Construction output (fourth quarter).

Company Results: SSR (full year); Pisons (full year); Inverness Group (full year); Transport Development Group (full year); United Biscuits (Holding) (full year).

Company Meetings: Camford Engineering, Stevenage, Herts.; 12 Investors Capital Trust, Edinburgh; 11 Midland Industries, Wolverhampton; 12 the violin by John Georgiadis, with Marilyn Hill Smith (soprano), Royal Albert Hall, S.W.7, 7.30 p.m.

Opera: La Scala Milan production of Simon Boccanegra, Royal Opera House, Covent Garden, W.C.2, 7.30 p.m.

MUSIC: Royal Philharmonic Orchestra, conductor Antal Dorati, with Bruce-Leonard Gebler (piano); Haydn's Overture to an English Opera and symphony No. 48 in E flat; and Brahms' piano concerto No. 2 in B flat; Royal Festival Hall, S.E.1, 8 p.m.

JOHAN STRAUSS GALS: London Concert Orchestra and dancers in costumes of period directed from the violin by John Georgiadis, with Marilyn Hill Smith (soprano), Royal Albert Hall, S.W.7, 7.30 p.m.

All of these securities have been sold. This announcement appears as a matter of record only.

1,250,000 Shares

**Marriott**  
CORPORATION

Common Stock

**Lehman Brothers**  
Incorporated

**Merrill Lynch, Pierce, Fenner & Smith**  
Incorporated

**Warburg Paribas Becker Inc.**

**Bache Halsey Stuart Inc.**

**Blyth Eastman Dillon & Co.**  
Incorporated

**Drexel Burnham & Co.**  
Incorporated

**Goldman, Sachs & Co.**

**Hornblower & Weeks-Hemphill, Noyes**  
Incorporated

**E. F. Hutton & Company Inc.**

**Kidder, Peabody & Co.**  
Incorporated

**Kuhn, Loeb & Co.**

**Lazard Freres & Co.**

**Loeb, Rhoades & Co.**  
Incorporated

**Paine, Webber, Jackson & Curtis**

**Reynolds Securities Inc.**

**Salomon Brothers**  
Incorporated

**Smith Barney, Harris Upham & Co.**  
Incorporated

**Wertheim & Co., Inc.**

**White, Weld & Co.**  
Incorporated

**Dean Witter & Co.**  
Incorporated

**Alex. Brown & Sons**

**Johnston, Lemon & Co.**  
Incorporated

**Shearson Hayden Stone Inc.**

**Banca Commerciale Italiana**

**County Bank**  
Limited

**Societe Generale**

March, 1976

## COMPANY NEWS + COMMENT

## Barrow Hepburn profits reach £2.8m.

FROM A turnover increased by £10m. to £73m. for the year to January 3, 1978, profits before exceptional items and taxation of the Barrow-Hepburn Group have improved from £2,018,000 to £2,810,000, after showing £1,205,000 against £1,166,000 at half-way.

The net dividend total on capital enlarged by last June's 1-for-4 rights, is lifted from 2.6437p to the minimum forecast 2.885p per 25p share—equal to an increase of 12½ per cent. at the gross level—with a final of 1.5725p. Earnings per share for the year are shown at 4.6p against 3.5p.

The directors comment that the results reflect their forecast for all divisions—the leather division has provided growth; Colloid-Bevaloid, after a 50 per cent reduction for the first six months, staged a recovery to an annual rate of profit of £1m. Barrow-Hepburn Industries has maintained profits.

The directors point out that the rise in the international hide market during the year causes difficulties for U.K. tanners, particularly with still higher prices probable in the future. Also continued imports of subsidised leather garments, shoes and accessories from outside the EEC, together with leather from countries with artificially depressed hide prices, make it increasingly difficult for the tanning industry throughout the Community.

On the other hand, they add, prospects for the group's international hide trading are "very good" and the remainder of the leather division has performed "extremely well".

The chemical division's U.S. operation has continued to show the recovery in 1976 which began in the second half of 1975.

Despite uncertainty of the contribution from U.K. tanning, the outlook for group profits in 1978 is for an improvement in all other activities, members are told.

	1976	1975
Turnover	73.0	63.0
Trading profit	2.81	2.02
Depreciation	0.79	0.74
Operating profit	3.60	2.76
Profit after tax	2.81	2.02
Pre-tax profit	3.60	2.76
Exceptional items	0.79	0.74
Taxation	0.79	0.74
Net profit	2.81	2.02
Dividend	1.57	1.57
Reserves	1.24	0.45

Contributions to turnover and trading profit by the leather division were £28.1m. (£31.1m.) and £2,020,000 (£1,506,000), by

Company	Page	Col.	Company	Page	Col.
Aaronson Bros.	21	6	Parker Knoll	20	4
Barr (A. G.)	21	4	Pentland Investment	22	4
Barrow Hepburn	20	1	Photopia Intl.	20	6
Datastream	20	4	Sturla (George)	21	7
Ford (Martin)	20	4	Thermal Syndicate	22	4
Frost & Reed	20	5	Turner (W. & E.)	20	3
Glendevon Invest.	20	3	Unochrome Intl.	21	4
Lloyds Bank	21	3	Wagon Finance	21	1
Lonsdale Universal	22	8	Whittington Engng.	22	5
Merchants Trust	21	5	Williamson Tea	22	5
NVT/Mfg.	20	5	Wings	21	8

chemicals £8.8m. (£7.1m.) and £724,000 (£379,000) and by other divisions £7.9m. (£8.5m.) and £603,000 (£332,000).

## ● comment

Barrow-Hepburn's pre-tax profits (before exceptional items) are 7½ per cent. ahead, incorporating growth of 10 per cent. in the second half. A large part of the increase is due to associates, but within the group, there have been noticeable gains. Despite a good second half improvement, the chemicals division's profits are 18 per cent. lower, with margins cut by a third while the growth shown in leather is a result of buoyant hide trading rather than leather manufacturing. These trends will be more pronounced in the current year, and this will be reinforced by the sharp rise in hide prices, particularly in the last quarter in 1978. Working capital requirements have already boosted borrowings by over £2m. despite the 10.9m. rights issue of £20m. to £18m. against shareholders funds of under £2m. A statement of exceptional items has depressed overall earnings and a ten-point jump in the tax charge to 54 per cent. has dropped earnings per share by a fifth to 4.6p. The abnormal tax and exceptional charges should be temporary, and at 3½p the shares are supported by a yield of 8 per cent.

## Loss by Irish Aluminium

Irish Aluminium ended 1978 with a loss of £8,063, compared with a previous profit of £31,741, following a first half deficit of £2,733 (£23,061 profit). A dividend of 3½p, tax-free, has already been declared.

Lonsdale Universal  
"... many encouraging signs"

	1975	1974	1973	1972	1971
Turnover	17.85m	15.56m	12.67m	9.85m	8.24m
Pre-tax profit	1.02m	1.27m	.91m	.52m	.32m
Earnings (ord sh basis)	8.34p	11.33p	9.51p	7.42p	5.27p
Ord div	3.7705	3.5332	3.2813	1.17p	16p

Notes from his statement to shareholders by the Chairman, Mr. Norman Ramseyer

—Despite a background of recession, most companies acquired themselves well, many maintaining and improving on previous profit records.

—Difficulties in packaging and retailing were main problem areas.

—There are many encouraging signs which augur well for the current year and enable us to face the future with confidence.

- OFFICE EQUIPMENT AND STATIONERY has increased its share of a static market.
- PUBLISHING AND BOOK-SELLING has increased its home market share, and its exports live-flood.
- PUBLICITY PRINTING increased its market share.
- ENGINEERING AND TECHNICAL SERVICES continued to make good progress and extra production space has been secured by the manufacturing unit.

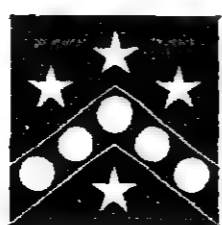
Copies of the Report and Accounts are available from the Secretary, Lonsdale Universal Limited, York House, Great West Road, Brentford, Middlesex TW8 9AB.

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Net assets were, including full dollar premium £10.36m. (£8.11m. at July 31, 1978), amounting to £1.8m. (£1.26m.) Net dividend per share was 100.3p (78.4p).

Growth  
for Parker  
Knoll

"VERY SATISFACTORY" first half profits, up from £318,000 to £377,000 before tax, are reported for Parker Knoll, furniture makers, by chairman Mr. C. H. Jourdan.

And he says the directors expect that, barring unforeseen circumstances, the second half will be as profitable as the first. The net interim dividend is lifted from 0.722p to 0.794p per 25p share. Total for the year to July 31, 1978 was 2.67p paid on (taxable) profits of £1.17m. Mr. Jourdan reports that the furniture and textile divisions both had a successful half year. Total sales increased in real terms and both ordinary in-hand and future prospects are "good". The carpet division has successfully weathered the recent depressed market and the future is encouraging, the chairman adds. Pace Furniture, the mail order company, which has not been contributing to profits, has been sold.

FROM HIGHER turnover of £7.01m. compared with £5.67m. profit of W. & E. Turner, multiple retailers of footwear, hosiery and handbags etc., increased from £375,897 to £307,113 for 1978, subject to tax of £266,557, against £219,000. The year's profit figure is only marginally less than the 1977 record of £305,740 and follows a first-half improvement from £46,574 to £130,858.

Earnings per 10p share for the year are to be up from 2.57p to 2.47p and a final dividend of 0.9875p net increases the total from 1.525p to 1.4167p. There was an extraordinary debit of £10,548 during the year (£42,467 credit), and £20,011 (£107,544) is retained.

## ● comment

Though the second half of 1978 has turned out as expected, the 12 per cent. improvement in pre-tax profits in this period, coupled with the threefold jump at mid-term, was enough to bring Turner back to the record level of 1973. Thanks to the strong first half, the full year profit rose 34.3 per cent. on the back of a 34.5 per cent. growth in turnover. The current year, which has started off on a "better than expected" note, may yet see Turner surpassing the 1973 figure of £509,000. But a worrying factor for Turner as for all shoe retailers is the continued high level of unemployment, while the weakening of sterling may affect its leather fashion lines which are heavily dependent on imports.

At 20p, up 3½p, the share is selling on an historic p/e of 7.7 and yields 11.3 per cent., covered 1.7 times.

Martin Ford  
tops £1m. &  
pays more

INCLUDING VAT, sales of Martin Ford improved from £3.63m. to £4.24m. during the year to January 31, 1978, and the profit was better at £1,020m. compared with £935m.

In view of the difficult trading conditions the directors consider the results "satisfactory". And they report that the company's financial position has been further strengthened during the year.

Reporting last August sales up by 21 per cent. to £2,181m. and profit ahead by 13 per cent. to £3.1m. in the first half, the directors said they were optimistic of a continued improvement, despite the difficult economic climate.

Stated earnings per 10p share for the year were 3.70p, against 3.35p, and the dividend total is lifted to 2.248p net from 2.1076p, with a maximum permissible final of 2.48p.

The company's retail ladies' and teenage outerwear and accessories, specialising in separates (kiltwear, blouses, skirts and footwear).

## ● comment

Martin Ford's growth rate is slowing down. After an interim sales and profits increase of 21 and 13 per cent. respectively, the second half rises are 15 and 10 per cent. Where the clothing retailers have often in the past been relatively unaffected by an economic recession, this has changed and Martin Ford now reports that the current downturn has definitely depressed sales. Moreover, this year is unlikely to see any buoyant figures even though the group reports no trading losses. Nevertheless the group has about £1m. of cash, which has not been put to use—store openings have been financed out of cash flow—with management aware that Ford is looking at this area for some of its future expansion. Meanwhile the yield of 9½ per cent. is covered 1.7 times at 38p, and the group is capitalised at 54½m.

Datastream  
prospectus

Datastream, the computer-based statistical information and analytical services group, has officially ceased to be a subsidiary of the stockbroker firm formerly known as Hoare and Co. Govett.

Under a reconstruction, two new companies have been formed—Hoare Govett and Datastream—to absorb respectively the stockbroker and computer services interests of the old holding company. The same 70-80 shareholders will own both of the new companies.

The move is the latest step towards fulfilling the expressed intention of selling off the Datastream interests to a third party (or parties). A prospectus is currently being prepared, possibly for completion next month, although it has yet to be decided whether current shareholders will place an asking price on these interests, or whether tenders will be invited.

The prospectus is expected to contain figures for nine months, since Datastream only became a separate entity last summer, and indications of profitability will be given for the full trading year.



Mr. Nicholas Coral, chairman of J. Coral Holdings

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. of dividend	Total last year
Barrow Hepburn	1.37	July 1	1.33	2.88
Martin Ford	1.13	July 3	1.11	2.25
Merchants Trust	1.23	May 11	1.1	1.95
Parker Knoll	0.79	April 30	0.72	1.51
Photopia Intl.	0.99	April 23	0.93	1.42
Unochrome	0.5	April 20	0.2	0.3
Whittington Eng.	2.74	May 26	2.31	3.57
Willows Francis	0.49(b)	April 9	Nil	(a) 0.2

Dividends shown pence per share net except where otherwise stated.

(a) Equivalent to the dividend for scrip issue. (b) On capital increased by rights and/or acquisition issues. (c) Total of 1.28p indicated. (d) Corrected. (e) Total of 1.28p is forecast.

Pre-tax profits of the group are expected to be in "hundreds of thousands of pounds," according to chairman Mr. D. A. Hunter-Johnston. There was a balance-sheet total is expected to be between £1m.-£1.5m.

The chairman is expecting that a bid could come from virtually any source. He suggested the alternatives as being the formation of a consortium, a single buyer taking either all, or at least equity control of the group; a banking group; or possibly interests engaged in real estate. No firm offers have as yet been received, although Mr. Hunter-Johnston emphasised that the current shareholders would only agree to a bid if it was in the interests of the City and employees.

Meantime, Datastream is continuing to expand and new services are being added, which include a completely detailed analysis going back five years for 1,000 U.K. companies and 1,800 Americans, French, German and Dutch companies. The NRDC is at present putting up 50 per cent. of the cost of further developing the European service.

Datastream's independence is expected to boost the appeal of the services among the stock-broking firms. In the past it has been felt that Datastream's ownership by just one member firm has inhibited growth. Also, as a member firm, Hoare has been prevented from aggressively marketing Datastream's services.

Frost &  
Reed falls  
further

FINE ART dealers and publishers, Frost & Reed (Holdings), have reported a further drop in profits for 1978. At the pre-tax level they are down to £252,467, compared with £470,846 in the previous year and with the record of £508,720 achieved in 1973.

The group is currently the subject of a bid from HTV and no recommendation regarding a final dividend will be made until the outcome of the offer is known. An interim dividend of 2.5p net has already been paid—the total for 1974 was 3.35p.

At the net taxed level profits emerged at £14,293 compared with £26,521 and earnings per 30p share are stated to be down from 21p to 9p.

Turnover was 1,238,245, 1,754,673, 2,068,720 and 2,508,720 for 1978, 1977, 1976 and 1975 respectively. Profit before tax was 252,467, 489,229, 508,720 and 508,720 for 1978, 1977, 1976 and 1975 respectively.

Unimproved received 133,617, 132,818, 132,818 and 132,818 for 1978, 1977, 1976 and 1975 respectively. Profit before tax was 252,467, 489,229, 508,720 and 508,720 for 1978, 1977, 1976 and 1975 respectively.

Net profit was 114,293, 265,521, 265,521 and 265,521 for 1978, 1977, 1976 and 1975 respectively. After tax profits were £11,711, £11,711, £11,711 and £11,711 for 1978, 1977, 1976 and 1975 respectively.

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employees which are believed to have been rejected earlier by the liquidator of Norton Villiers of Wolverhampton.

Inquiries concerning Mr. Shewell's investigation should be addressed, preferably in writing, to Mr. G. F. Cockerell, Coopers and Lybrand, Salisbury Square, London EC4Y 5HH.

Photopia  
first half  
downturn

PRE-TAX PROFIT for the six months to October 31, 1978, of Photopia International fell by 10 per cent. to £308,735, and chairman, Mr. C. G. Strasser says the 12-month total is not expected to equal last year's record of £689,831.

First-half sales, excluding VAT, dropped by 4 per cent. to £2,527,812.

The interim dividend is raised from 0.35p up 0.6p per 30p share, and the directors expect to recommend a final of 0.65p, to make a total up from 1.17p to 1.28p—the maximum allowed. Earnings per share are shown to be down from 4p to 3.5p.

Mr. Strasser points out that dealers and the public purchased their anticipated requirements in the last "boom" fortnight of 1974-1975, resulting in a healthy increase for that year and a corresponding decrease in the first half of the current period.

Increased prices resulting from VAT and the downward drift of the pound led to increased purchasing and selling prices of imports. World wide inflation also contributed to higher prices.

"We believe that in the prevailing conditions our figures are not unsatisfactory," says Mr. Strasser. The forward order book for deliveries after April 30 "has never been better."

He explains that the higher VAT rate of 33 per cent., which coincided with the first day of the current financial year, applies to most of the photographic and audio equipment, excepting only watches and some minor accessories which remain at the standard rate of 8 per cent.

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## ISSUE NEWS

J. Coral £2.7m.  
1-for-6 rights

J. Coral Holdings proposes to raise £2.7m. by a rights issue on the basis of one New Ordinary share for every six held at 100p per share. The shares moved 7p higher to 128p yesterday.

The purpose of the issue is to provide funds to finance the expansion of the group's main activities and to strengthen its capital base. As regards expansion, it has already spent £450,000 cash on two bingo halls in Warrington and Basingstoke, and up to £192,000 on eight licensed betting offices around Bristol.

The directors indicate that pre-tax profits for the year to January 1, 1978 were a record at £8.5m. against £6.8m. last year and that trading is currently buoyant. They intend to recommend the maximum allowable final dividend of 2.297p net per share to shareholders on a basis of 5.817p compared with 5.451p. The Treasury has given its consent to an increased maximum net dividend of 8p per share in 1978.

The issue has been underwritten by Charterhouse Japhet and brokers to the issue Carr Sons and Co. See Lex.

Jackson 89  
taken up

J. and H. B. Jackson has raised £350,000 on the basis of one-for-ten rights. The balance of 239, has been sold at 21.347p per share. It will be distributed to entitled holders except payment will be made by 50p.

The balance of 239, has been sold at 21.347p per share. It will be distributed to entitled holders except payment will be made by 50p.

MENTEITH TR  
Menteith Investments raised two further million shares for £100,000,000 in January and February in 1978. The company is now underwritten by Charterhouse Japhet.

## BIDS AND DEALS

Hanson sells stake in  
Charrington Gardner

Hanson Trust, the industrial holding company with interests in building materials, construction and industrial services, has taken a profit of around £11m. on the sale of 6,038,926 shares in Charrington Gardner and Lockett.

The shares have been placed among a number of institutions. It is understood that none took a stake of more than 1m. shares—at just over 38p per share. The latest disposal follows an earlier sale in January of 1.44m. shares in Charrington Gardner at 39p per share and Hanson has now sold all of its holding in the company, which at one time amounted to approximately 20 per cent. of the issued capital.

A spokesman for Hanson said last night the sale merely represented an opportunity to take a profit on its investment. He emphasised that the group was not in need of cash; the last balance sheet showed cash and short-term deposits of £22.4m. against overdrafts of £7.7m. Proceeds of the disposal are to be placed on deposit.

Charrington Gardner shares closed at 38p yesterday at 37½p dividend, while Hanson added 8p at 128p.

Another suitor  
for Emu Wine

A third bidder, Thomas Hardy and Sons, a private Australian company in the wine-making business, has stepped in with an offer of 182½p per share cash for Emu Wine.

The news follows Incheoppe's earlier withdrawal from the scene following last week's decision by the Australian Treasurer to freeze the "boom" fortnight of 1974-1975, resulting in a healthy increase for that year and a corresponding decrease in the first half of the current period.

Increased prices resulting from VAT and the downward drift of the pound led to increased purchasing and selling prices of imports. World wide inflation also contributed to higher prices.

"We believe that in the prevailing conditions our figures are not unsatisfactory," says Mr. Strasser. The forward order book for deliveries after April 30 "has never been better."

He explains that the higher VAT rate of 33 per cent., which coincided with the first day of the current financial year, applies to most of the photographic and audio equipment, excepting only watches and some minor accessories which remain at the standard rate of 8 per cent.

At the net taxed level profits emerged at £14,293 compared with £26,521 and earnings per 30p share are stated to be down from 21p to 9p.

Turnover was 1,238,245, 1,754,673, 2,068,720 and 2,508,720 for 1978, 1977, 1976 and 197

## Wagon Finance poised for expansion

NTIL PRESENT recessionary is expected in the current year, Wagon Finance is not planning any expansion. Mr. A. G. Barr, chairman, said that the company was not planning any expansion. He said that the company was not planning any expansion. He said that the company was not planning any expansion.

## Barr sees first half upturn

THE SOFT DRINKS manufacturing trade was now beginning to settle down after the upheaval caused by the price rise in sugar at this time last year, Mr. Robert Barr, chairman, told the meeting of A. G. Barr and Co., the Tizer, Juoda, and In-Bru group.

Barr's figures for the first half of the current year would definitely be much better than for the corresponding period last year, he said. Though Mr. Barr could not make a 1976 forecast in such fluctuating business, the current position enabled resumption of the redevelopment plans at Glasgow and Atherton at a total cost of £800,000 over the next few years.

Falling some unforeseen event, he thought the company "should do not too badly but it would mean pretty hard work." There were still plenty of areas in the C.K. to expand sales before thinking about the Continent, though the directors were hopeful of the recent franchise agreement covering the Channel Islands would provide a "modest" return.

At December 31 instalment credit balances, repayable within 3 years, amounted to £27.01m. (£21.78m.) less unearned finance charges of £4.56m. (£4.51m.). Bank loans and acceptances totalled £17.45m. (£19.65m.).

Meeting, Sheffield, April 2 at noon.

### RECENT ISSUES

#### EQUITIES

Stock	1975/6	1976/7	Change
1000	1000	1000	0
1000	1000	1000	0
1000	1000	1000	0

#### FIXED INTEREST STOCKS

Stock	1975/6	1976/7	Change
1000	1000	1000	0
1000	1000	1000	0
1000	1000	1000	0

#### "RIGHTS" OFFERS

Stock	1975/6	1976/7	Change
1000	1000	1000	0
1000	1000	1000	0
1000	1000	1000	0

### Unochrome shortfall

On a turnover up from £4.94m. to £5.93m., pre-tax profit of £1.25m. (£1.25m.) against £1.25m. (£1.25m.) for the six months to December 31, 1975, compared with a restated £1.25m. for the corresponding period of 1974.

It is pointed out that the unaudited interim statement at December 31, 1974 showed a pre-tax profit of £233,000, but in the light of adjustments found necessary after the year-end audit at Silverthorne Group it is considered that the position would have been a profit of £123,000 as

Chairman's statement, Page 23

### BAINBRIDGE

Bainbridge Bros. (Engineers) financial year has been altered to run to March 31. The current year is being extended by one month to March 31, 1976.

Chairman's statement, Page 23

## Aaronson Bros. growth prospects

WHILE IT is difficult to forecast too far ahead, the directors of Aaronson Brothers are satisfied that the recent expansion, particularly in Devon and Lancashire, should substantially increase the group's productivity and profitability.

The first few months of the current financial year are already showing a significant improvement. Additionally as the economy both at home and overseas recovers "we are confident that your group, with the facilities currently available, will be in a position to take full advantage of the situation," they add.

Despite the state of the economy the company made similar profits, before tax, for the year to September 30, 1975 of £1,619,788 (£1,588,825) as reported on February 12, with the dividend £604,722 (£567,732) net. Profit increased in the second half to £817,920 (£844,118) despite disturbances and reduction in profits which resulted from the transfer of some production activities to the site in Devon, where substantial capital expenditure during the period was undertaken.

The purpose of the expansion is to integrate and consolidate the main board manufacturing activities which will enable the group substantially to increase productivity and profitability.

Savings will arise from reduction of transport and handling costs and the improvement in labour and production efficiency on the implementation of these technologically advanced lines of production.

During this year production units have been closed in Rickmansworth and East London and, as a result, extraordinary

expenditure of £248,172 was incurred. Since the end of this year other production activities have, and will be, transferred. A number of properties will become available for disposal and utilisation and possible sale of a number of the sites is being considered.

Apart from the expansion in Devon considerable investments in new plant at Armabrook's factory in Lancashire are being made and it is expected that this expenditure will result in a satisfactory contribution to profits, the directors add.

The company manufactures: contiboard, contiplas, wood veneers, etc. Meeting, Savoy Hotel, W.C. April 1, noon.

### Substantial advance at Wings

TURNOVER FOR the 50 weeks to October 31, 1975, of Wings increased to £8.61m., compared with £7.5m. for the previous year, and pre-tax profit expanded from £126,383 to £487,433.

The substantially higher record profits were due to a much improved load factor on chartered aircraft and to close control of expenditure. Once again all net profits have been ploughed back, thus increasing the reserves and financial stability, says the chairman Mr. Weisman.

"We now look forward to a further advance in 1976," he declares.

### G. Sturla midway loss £0.43m.

ON A turnover of £1,724,000, against £1,730,000, George Sturla and Son incurred an increased loss of £425,000, compared with £384,000, for the half year to July 31, 1975.

Despite the continuation of losses in the closure of the retail operation (retail and rental of electrical goods) and a further substantial loss in the manufacturing division, it is anticipated that, due to increased profits in the consumer finance division, there should be a "near break-even" group result in respect of the second half, says the chairman, Mr. A. Dobson. For the



## The key to future prosperity.

"...and what a man has earned he must spend wisely."

Operating profit, before taxation and special items, of Lloyds Bank Limited and its subsidiaries for the year ended 31 December 1975 was £96,026,000, compared with £117,998,000 in 1974. After accounting for the share of losses of associated companies, and because there was no need for special provisions, Group operating profit was £95,505,000, 27 per cent higher than 1974.

The recommended final dividend of 4.0203p per share will make a total distribution for the year equivalent, with the related tax credit, to 11.3804p per share gross (1974: 10.3459p), the maximum permitted.

### Banking in Britain

The year 1975 has seen a very satisfactory increase in the number of both current and deposit account customers and good growth in balances.

As a result of the recession in the economy, total branch lendings have not greatly increased over the previous year. In view of present uncertainties, many companies have tended to maintain their liquidity and have made only modest use of their overdraft facilities.

Careful examination has been made of all our lending in the light of the economic climate, and provisions for doubtful debts have taken into account the extent of our participation, in conjunction with the

Bank of England and other clearing banks, in advances made by the Support Group ('the lifeboat').

### International

Lloyds Bank International made valuable progress during 1975 in its particular field of international banking, within the Bank's overall policy objectives and for the benefit of the Group as a whole.

1975 was not an easy year for banks in the United States but it is to be hoped that, under the influence of a gradually strengthening economy, conditions will become generally more favourable as 1976 progresses. Lloyds Bank California has faced these uncertainties well and, indeed, has emerged from 1975 with strength and a solid base upon which to build in the years ahead.

New Zealand did not escape the effects of the worldwide recession and generally high rates of inflation during the past year. However, in spite of rising costs and a squeeze on margins, The National Bank of New Zealand was able to maintain a useful volume of business activity and a satisfactory level of profitability.

### The Economy

Inflation constrains our policies and bars our hopes. In a time of recession, the human problems resulting from mounting unemployment are properly a matter of deep public concern. So, too, should be the frustrations of management and workers in firms working below capacity. The idleness of men and women and of capital resources adds nothing to the nation's wealth.

What then is the key both to survival

and to future prosperity? Essentially, it is the control of inflation. Inflation is not a plague inflicted upon us. Inflation is, as I said last year, man-made. The creation of man's materialism and self-indulgence, it can be controlled only by man's self-discipline, and by recognising the old truth that a man must earn before he spends, and that what he has earned he must spend wisely. Much the same applies to governments.

We all hope for a revival of the business of British industry in the next two years but, if it is to be able to obtain the funds it will need, and yet the money supply is to be contained, then the claims of government must be curtailed.

The defeat of inflation, then, can be achieved only by self-discipline on a national scale, and this demands the subordination of both personal gain and political advantage to the national need. It is encouraging that there are signs that at last the British people are beginning to recognise this.

Sir Eric Faulkner, MBE  
Chairman



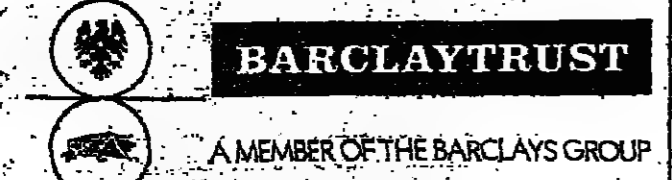
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A MEMBER OF THE BARCLAYS GROUP

## THE UNITED INDUSTRIAL COMPANY LTD.

Distributors of toiletries, household goods and toys

### INTERIM REPORT

Half year to 31st December	1975	1974
Group turnover	£1,336,297	£1,481,964
Group profit (loss) after tax	11,353	(23,104)
Tax payable 1975/credit 1974	12,093	5,500
Interim dividend 2½% gross equals	1.625% net	—
	£500	—

### Chairman's Statement

During the period under review, the favourable trend mentioned in my last report was maintained, and there was a profit of £23,448 (unaudited) before tax against a loss in the first half of last year of £15,604, before tax but after extraordinary items.

Operations in the retail field, which started in October, 1975, continued to be profitable and our second discount store in the U.K. offering a wide range of toiletries and household goods was opened in February 1976. Your Board intends to set up more such outlets during the year as part of the plan to broaden the basis of your Company's business and to complete its transformation to a "cash and carry" and discount shop operation. Long term finance has been obtained for this purpose.

Your French subsidiary, Glencoe S.A., has now acquired five retail outlets in the Nice area. The first of these has been modernised and laid out as a discount toiletry and household goods store. It began trading in its new form in February, and initial results are well up to expectations. Work on converting the other stores is proceeding and additional outlets are being sought.

Your Company is now beginning to export to France a carefully selected range of British products which, we believe, will find a ready and profitable market. Your Board expects this business to increase substantially in the coming months and to make a useful and growing contribution.

Taking a broad view of your Company's activities, there is much that is encouraging. Although the normal post-Christmas downturn in consumer goods has been longer and more pronounced than usual, turnover for the first two months of 1976 showed an increase over the corresponding period of 1975. This was a good start, and as forecast in the last annual report, your Board feels justified in declaring an interim dividend of 2½% gross, which will be paid on 2nd April, 1976.

Dorchester Street,  
Leeds LS10 1PP

D. E. Hillman-Edy,  
Chairman

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# Lloyds Bank deposits expansion

**CRITICISM** Of the scale of Government borrowing which has "soared to an extent which threatens to deprive industry of its proper share of the nation's savings," is levelled by Sir Eric Faulkner in his annual statement as chairman of Lloyds Bank.

Sir Eric, who comments that "an enormous gap has now developed between the revenue and expenditure of the public sector," says they all hope for a revival of British industry in the next two years. "But if it is to be able to obtain the funds it will need, and yet the money supply is to be contained," he adds, "then the claims of government must be curtailed."

The directors' report, referring to the recent £10m. rights issue, underlines the extent to which deposits growth has outstripped the increase in the group's capital base during recent years. While deposits were £25.5m. at the end of 1975, they had risen by the end of 1974 to £31.1m.

By contrast, shareholders' funds of £56.5m. at the end of 1975 were little more than double the end-1969 total of £26.8m., retained profits accounting for £17.6m. of the increase.

The group's business has been financed by loan capital, now £12.6m.

Current liabilities ..... £2,417,418  
Deposits, etc. .... £2,417,418  
Taxation ..... 16,253  
Final dividend ..... 5,217  
Loan capital ..... 12,600  
Minorities ..... 3,782  
Invested capital ..... 125,708  
Reserves ..... 43,251  
Current assets ..... £4,115,110  
Cash, etc. .... £1,131,433  
Cheques ..... 22,362  
Special deposits ..... 145,513  
Investments ..... 84,228  
Advances, etc. .... £1,511,235  
Trade investments ..... 75,227  
Premises & equipment ..... 35,185  
Provisions on various accounts ..... 3,511  
Totals ..... £4,965,466

Recalling his emphasis last year on the need for adequate retained profits to make possible the building up of free reserves, Sir Eric notes, however, that "a further decline in real profitability has adversely affected most of British industry and the group has not been immune from this general trend."

In real terms, he says, the year's addition to reserves looks modest in relation to the growth in business.

In further comments made specifically topical by the recent drop in sterling, he points out that the chairman of Lloyds Bank International has called attention to the effect of the sterling position on the ability of a British-based international banking group to extend its operations.

In the separate accounts of Lloyds Bank, Sir Eric says, the rise in Lloyds' pre-tax profit to £23.5m. from £20.9m. in 1974 is regarded as generally good for a period of considerable anxiety "due to falling property values, the collapse of the tanker market and the effects of recession."

Referring to the Sandilands Committee's proposals on inflation accounting, Sir Eric also says in his statement as group chairman that implementation of these should reflect more fully the financial position of commercial and manufacturing companies.

"However, of necessity, banks and financial institutions invest some part of their shareholders' funds in monetary assets, the real value of which is eroded by inflation. We are carefully examining this and other problems arising from the Sandilands proposals."

As known, group pre-tax profit of Lloyds Bank in 1975 was £23.5m., compared with £20.9m. in 1974, when £22.5m. was put aside for loss arising from unauthorised foreign exchange deals, while there was £13m. additional provision for doubtful debts and £10m. was put aside as special contribution to pension funds. Sir Eric notes that the latest year's provisions for doubtful debts took account of the extent of the clearing bank's participation in advances by the big banks.

Lloyds Bank is revising its scale of charges in two sections which were becoming increasingly unprofitable—those of the trust division and of the registrar's department.

According to an analysis in the report Lloyds has more women shareholders than men. Women holders number 38,397 with a total of 77,737,750 shares against 25,981 men with a total of 17,533,791 shares.

At Lombard Street, EC 4, April 1 at 3 p.m.

Chairman's statement, Page 21  
See Lex

## Thermal Syndicate outlook

Although the current year outlook for Thermal Syndicate is uncertain, the financial position is reasonably strong, says the chairman, Sir John Faget.

Steps are being taken to improve market penetration in overseas territories, and the company is in a "satisfactory posture" to meet the increased demands of traditional markets, as and when the expected longer term recovery takes place.

As reported on February 17, group pre-tax profit increased from £901,224 to a better than expected £931,255 in the year to October 31, 1975, and the dividend is £2.515p (13.13% net). The profit includes £239,000 in respect of a surplus on the sale of know-how and equipment.

As at February 9 Kleinwort Benson Investment Trust was beneficially interested in 20.67 per cent. of the Ordinary.

The meeting of the company, makers of vitreous silica and oxide ceramics, will be held in Newcastle upon Tyne on April 1, at 2.15 p.m.

Chairman's statement, Page 20

## Pentland Investment policy

The directors of The Pentland Investment Trust still feel it prudent to have a substantial proportion of assets invested in overseas securities. At end-1975 some 45 per cent. of the portfolio was invested overseas, although nearly one-third of this was accounted for by the dollar premium.

The very high rate of the dollar premium together with the 25 per cent. surrender rule continues to inhibit the efficient management of overseas investments and it is hoped that in the near future there will be some relaxation in the 25 per cent. surrender rule.

The chairman, Mr. P. J. Olliphant.

The directors' long-term policy of investing in shares which they believe to have good prospects for growth but not to the extent of

totally disregarding immediate income has not changed for many years.

As reported on February 3, with net asset value, net income increased from £377,629 to £342,225 in 1975 and the dividend is 2.53p (2.65p) net per share. The total dividend is comfortably covered by current estimate of earnings for the current year, says Mr. Olliphant.

Meeting Edinburgh, March 30, at 10.30 a.m.

Chairman's statement, Page 23

## Williamson Tea to hold profit

DESPITE a predicted reduction in profits of the African subsidiaries, the group profit of Williamson Tea Holdings for 1975 is anticipated to be in line with those of the previous year, say the directors in their interim report.

The company produced an overall record crop in 1975 and enhanced level of sale prices obtained at all centres has helped to offset the continuing increase in production costs.

Under the provisions of the Foreign Exchange Regulation Act, 1973, of the Republic of India, all UK incorporated companies dealing in India must obtain the permission of the Reserve Bank of India to carry on business there.

This has now been received by those of the company's subsidiaries operating in India, subject to the condition that within two years the Indian business of the subsidiaries is taken over by Indian Rupee Companies to be formed, in which a minimum of 26 per cent. of the equity will be held by residents of India.

## London Bridge Secs. loss

London Bridge Securities property group announces a pre-tax loss of £106,346 (loss £87,503) for the six months to October 1975. Turnover was £282,903 (£242,576).

Last week Sir Joseph Causton and Sons petitioned for a winding-up order against LBS, but the company stated that non-payment of the £1.163 owed was the result of a change of address and that the debt was being discharged.

## Northern Developments

A winding-up petition against Northern Developments (Holdings), the housebuilding group in receivership, was adjourned for the sixth time yesterday.

Counsel for the petitioner, Mr. Thomas Nicholson, said a committee of creditors was meeting shortly to see if they could agree an informal arrangement acceptable to the other creditors, as well as the company's receiver.

## Whittington Engineering

Whittington Engineering reports profits up from £104,244 to £131,549 for the year 1975. When reporting a first half jump from £30,571 to £61,533, the directors anticipated that the second half result would be similar to that of the first.

Earnings per 25p share are stated to be up from 6.3p to 8.1p; the final dividend is 3.75p/7.5p making a total up from 3.35p to 3.748p/7.5p net.

Turnover ..... £784,417  
Profit ..... £131,549  
Taxation ..... 64,538  
Net profit ..... £66,981  
Retained ..... 24,297

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# Decision: Weak £ brings surge in London metal prices

BY JOHN EDWARDS, COMMODITIES EDITOR

PRICES soared on the London Metal Exchange yesterday in a reaction to the decision to reflect the fall in the value of sterling. Standard cash tin closed £108 up 3.495 a tonne and the market rose even further ahead on the three months standard tin, example having closed £104 up 3.527 advanced in late afternoon to £107.500 a tonne, a peak of £121.65 a tonne being reached from one quarter in tin metal with a distinct intention to sell.

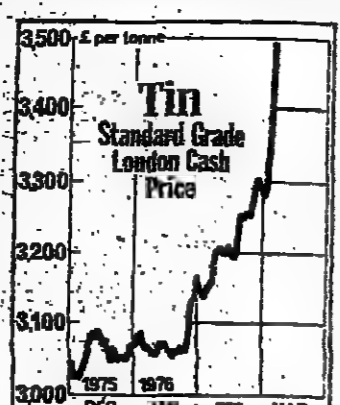
Other metal prices were also affected, with lead rising to £108.50 a tonne, a peak of £111.50 a tonne being reached from one quarter in tin metal with a distinct intention to sell.

Lead prices were also affected, with lead rising to £108.50 a tonne, a peak of £111.50 a tonne being reached from one quarter in tin metal with a distinct intention to sell.

Lead prices were also affected, with lead rising to £108.50 a tonne, a peak of £111.50 a tonne being reached from one quarter in tin metal with a distinct intention to sell.

## Little impact

Falls in stocks of lead, down by 275 to 86,825 tonnes, and zinc, down by 575 to 46,600 tonnes, were in line with expectations.



add had little impact on market prices. However, a fall of 85 tonnes in tin stocks, reducing total build to 4,750 tonnes, compared with market forecasts of little or no change and was a 'bullish' influence.

So was the fall in the Straits tin prices in Penang, over the weekend - down by 308 to \$41.039 a picul - since the decline was less than expected.

By our own correspondent

## Soviet food output targets cut

BY OUR OWN CORRESPONDENT

THE SOVIET UNION has scaled down production targets for the food industry and made other adjustments to the new five-year economic plan for 1976-80, apparently as a result of last year's disastrous harvest.

How the changes will affect the average Soviet citizen was not immediately clear, but one possibility is that there will be encouragement to eat more fish and less meat.

The target adjustments were revealed in Pravda, which published the text of the directives for economic development that were approved last week at the Soviet Union's 25th Communist Party Congress.

According to the published figures, the food industry in-

was considering requests from customers to increase its output in view of the problems in Africa and Chile's expressed desire for the export of pre-arranged output cuts imposed by the Council of Copper Exporting Countries (Cipepec).

Also influencing the tin market is the meeting in London of the International Tin Council which started yesterday. The council has to decide whether to review the 30 per cent cut in export quotas expiring at the end of March 1976.

At the same time it is known that the producing countries will be pressing very hard for an increase in the Tin Agreement price ranges in view of the steep rise in production costs since of last small increase in January 1975.

Since tin prices are now very close to the upper price range of the Tin Agreement, and may indeed move into that range today, it seems virtually certain that the restrictions on exports will have to be relaxed considerably.

This is in spite of the fact that the buffer stock is believed to be still holding substantial quantities of surplus tin taken off the market in the course of its support-buying operations.

More doubt, however, surrounds the rise in the price ranges, which are essentially a longer term measure to halt the present operations and encourage investment in future expansion.

No doubt the producers will be able to provide convincing evidence of the way their 'real' output costs have risen during the past year.

But consumers may argue that the time is not yet opportune for a price rise, before export quotas have been relaxed or abolished and the surplus holdings in the buffer stock reduced to much lower levels.

By our own correspondent

## Move to boost Indian tea sales in U.K.

BY OUR OWN CORRESPONDENT

THE TEA Board of India and Brooke Bond Ltd. yesterday signed in London a long-term agreement to promote usage and sales of Indian tea in Britain.

To coincide with the new arrangement, Brooke Bond's tea bags, which are being relaunched, containing 100 per cent pure Indian tea.

And the Brooke Bond tea will also reflect all the quality images of Indian tea by incorporating an even greater percentage in its blend.

The decision to concentrate activity on tea bags was influenced by the potential in the U.K. retail tea market.

The tea bag sector has seen tremendous growth over the last five years and it is estimated that tea bags will account for some 50 per cent of all tea sales in the next three years.

Bradford wooltops 64s price gained 5p to 223p a kilo and RSS No. 1 spot rubber closed 0.25p higher at 42p a kilo. The core wooltops and rubber prices were all new 1976 highs.

By Richard Mooney

## U.S. anger over EEC farms deal

WASHINGTON, March 8

THE UNITED STATES said today it would seek redress through the General Agreement on Tariffs and Trade (GATT) for a European Common Market measure that could cause heavy losses to American farmers.

Mr. Richard Bell, Assistant Secretary of Agriculture, said the U.S. was extremely disappointed by the outcome of the EEC Ministers' meeting which approved a package of agricultural measures.

One was for European animal feed manufacturers to use 400,000 tonnes of domestic dry milk powder in place of traditional animal feeds mainly supplied by the U.S.

"We intend to pursue vigorously our rights under the GATT, and we are going to do it promptly," Mr. Bell declared.

But a speedy solution is unlikely, observers here said. They noted that similar trade disputes taken to GATT have sometimes dragged on for a number of years before being resolved.

There was speculation in the market that the sugar might be destined for the Soviet Union and rumours that Russia had bought up to 500,000 tonnes of world sugar in the past week were quoted as a background feature in yesterday's rise.

The market got off to a firm start, reflecting the continued weakness of sterling and increased sharply to reach its peak in mid-morning.

The May position reached £190 up one day before closing £5.75 up on the day at £197.125 a ton. In the morning the London daily price was fixed £10 above Friday's level at £187 a ton.

Apart from the Surinamese Denness move market sentiment was aided by news that the Goldcoast group had confirmed buying around 300,000 tonnes of Indian sugar for shipment to the U.S. and a report from Havana that rain had reduced Cuba's cane crop.

The weakness of sterling also had a marked effect on other soft commodity markets. May delivery coffee and cocoa on the London terminal markets both rose £14 to £75.75 and £51.5 a tonne respectively. The

By our own correspondent

## COCAOA

Influenced by currency considerations, cocoa opened firm and although prices were lower than last week, the market was generally buoyant.

For herds to recover, the market was generally buoyant. The market was generally buoyant.

By our own correspondent

## COFFEE

Robusta terminal ended the day slightly weaker with prices 10 to 15 pence lower than the previous close.

Trade sources said the market was generally buoyant. The market was generally buoyant.

By our own correspondent

## SOYABEAN MEAL

The market opened strong on the decline of sterling and later on dealer interest.

There was a strong upward movement in the market. The market was generally buoyant.

By our own correspondent

## SUGAR

LONDON DAILY PRICE RISES: March 8. The market opened strong on the decline of sterling and later on dealer interest.

There was a strong upward movement in the market. The market was generally buoyant.

By our own correspondent

## RUBBER

STEADIER: Rubber on the London physical market was steady on the day, closing steady. Prices were generally steady.

There was a strong upward movement in the market. The market was generally buoyant.

By our own correspondent

## SILVER

Silver was steady 7.5p an ounce higher for spot delivery in the London bullion market yesterday, at 215.9p U.S. cent.

There was a strong upward movement in the market. The market was generally buoyant.

By our own correspondent

## FREIGHTS

DRY CARGO: There was no improvement in the volume of chartering but some irregularity was apparent in rates, particularly for grain from the U.S. Gulf to Japan where business was transacted at 25.5s a tonne.

There was a strong upward movement in the market. The market was generally buoyant.

By our own correspondent

## GRAINS

THE WHEAT: Sellers of imported grains were very reserved due to the currency developments and prices were generally steady.

There was a strong upward movement in the market. The market was generally buoyant.

By our own correspondent

Kenya

## World Bank backs wildlife project

BY A CORRESPONDENT

THE WORLD BANK is to make a loan to assist wildlife development in the Amboseli area. A development of domestic stock in the area and any other conceivable economic activities can be incorporated in the model to be about \$18m. The development follows the bank's mission in Kenya last year.

For its part, the Kenya Government will contribute the equivalent of \$12m, towards the project, which covers improvements in the country's premier game park, the Amboseli, as well as developments in other areas, including the Masai Mara and Samburu parks. A wildlife training institute and planning units will be set up and a rural centre with communal amenities is planned in the Amboseli region.

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GOLD

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## INSURANCE, PROPERTY, BONDS

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### THE MERCHANTS TRUST, LIMITED

**PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31st JANUARY 1976**

The recommended Final Dividend is 1.25p net, which takes the total net dividend for the year 1.95p (12.0% net) (1975-10.95% gross).

Let Earnings increased by 6.0%.

Let assets attributable to each Ordinary Stock Unit increased by 67%.

The 31st January 1976 the portfolio was invested as follows: 58.8% in the U.K., 36.1% in the U.S.A. and 5.1% elsewhere overseas.

<b>1976</b>	<b>1975</b>	
<b>VENUE AVAILABLE FOR ORDINARY STOCK (Net)</b>	<b>2,992,758</b>	<b>2,943,454</b>
<b>INVESTED FOR ORDINARY STOCK (Net)</b>	<b>2.08p</b>	<b>2.05p</b>
<b>DEBT (Net)</b>	<b>1.95p</b>	<b>1.80p</b>
<b>TOTAL ASSETS</b>	<b>242,448,000</b>	<b>227,706,000</b>
<b>Attributable to Ordinary Stock</b>	<b>237,886,000</b>	<b>221,703,000</b>
<b>Net asset value per Unit of 25p</b>	<b>7.91p</b>	<b>7.70p</b>

During the year under review the number of Ordinary Stock Units in issue was increased from 46,000,000 to 48,161,948 as a result of the conversion of Loan Stock to full Report and Accounts will be posted to Stockholders on or about 15th April 1976.

Annual General Meeting: 20 Fenchurch Street, London, C3. Monday, 10th May, 1976 at 11.45 a.m.

<b>Abbey Life Assurance Co. Ltd.</b> Abbey Life Assurance 100.00 Abbey Life Assurance 100.00 Abbey Life Assurance 100.00 Abbey Life Assurance 100.00 Abbey Life Assurance 100.00	<b>Carlton Life Assurance Co. Ltd.</b> Carlton Life Assurance 100.00 Carlton Life Assurance 100.00 Carlton Life Assurance 100.00 Carlton Life Assurance 100.00 Carlton Life Assurance 100.00	<b>Legal &amp; General Life Assurance Co. Ltd.</b> Legal & General Life Assurance 100.00 Legal & General Life Assurance 100.00 Legal & General Life Assurance 100.00 Legal & General Life Assurance 100.00 Legal & General Life Assurance 100.00	<b>National Life Assurance Co. Ltd.</b> National Life Assurance 100.00 National Life Assurance 100.00 National Life Assurance 100.00 National Life Assurance 100.00 National Life Assurance 100.00	<b>Prudential Life Assurance Co. Ltd.</b> Prudential Life Assurance 100.00 Prudential Life Assurance 100.00 Prudential Life Assurance 100.00 Prudential Life Assurance 100.00 Prudential Life Assurance 100.00	<b>Seaboard Life Assurance Co. Ltd.</b> Seaboard Life Assurance 100.00 Seaboard Life Assurance 100.00 Seaboard Life Assurance 100.00 Seaboard Life Assurance 100.00 Seaboard Life Assurance 100.00	<b>Target Life Assurance Co. Ltd.</b> Target Life Assurance 100.00 Target Life Assurance 100.00 Target Life Assurance 100.00 Target Life Assurance 100.00 Target Life Assurance 100.00
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## OFFSHORE AND OVERSEAS FUNDS

### A one-day course on Productivity analysis

London, 7 April 1976

Repeat of the course on 21 January 1976

A course particularly suitable for production managers, industrial economists, accountants and financial controllers.

It deals with the measurement of inputs and outputs; data collection and interpretation; analysis of productivity components in the cost structure and rate of return; and the use of productivity models in planning and control. Several case studies conducted in industry will be discussed.

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### NOTES

## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Property trust files under U.S. Bankruptcy Act

BY GUY DE JONQUIERES

NEW YORK, March 8.

CONTINENTAL Mortgage Investors, one of the biggest property lending and mortgage trusts in the U.S., today filed for financial reorganisation under Chapter XI of the Bankruptcy Act after failing to reach a credit agreement with its banks.

Continental is by far the biggest property trust yet to seek protection in bankruptcy court. Though its action had been widely regarded as almost inevitable, it puts a further question mark over the chances of a recovery in the deeply-troubled property lending sector.

The company is in default on bank debt totalling \$503.3m, and on senior long-term debt amounting to \$435.5m. It had been trying to negotiate a new loan agreement that would have placed all its lenders on an equal footing with respect to interest rates, amortisation and maturity.

At the time of its Chapter XI bankruptcy filing, all but 25 of Continental's 103 bank lenders had executed the planned loan agreement and of those who had not signed, only five had said that they would definitely refuse to do so.

It is significant, however, that these five included three large banks: Bank of America, with \$105.5m of debt; Morgan Guaranty Trust, with \$67.7m of debt; and Crocker National Bank of San Francisco with \$21.5m of debt.

Until now, the main thrust to efforts to prop up ailing property trusts has come from smaller banks, some of which have been reluctant to join to rescue operations. But it now appears that some of the very largest banks in the country are reassessing their commitments to the property lending industry and are unwilling to extend their credit further.

## East Asiatic decline

BY HILARY BARNES

COPENHAGEN, March 8.

FOR THE first time in its history the East Asiatic Company, Europe's largest trading company, recorded a fall in turnover last year. Profits were also down, but the company announced that it will pay an unchanged 12 per cent dividend.

Group turnover was down from Kr.18.8bn. to Kr.16.1bn. in 1975, the result of unfavourable freight market conditions, lower raw material prices and reduced earnings by some industries.

## Creusot buys into Valley Cons.

CREUSOT-Loire said its subsidiary Delattre-Levillier will acquire a substantial minority interest in Valley Consolidated Industries of the U.S. by subscribing to a capital increase. A Delattre spokesman declined to give financial details except to say the subscription will allow Valley to increase its research and production capacity.

Valley has \$25m. turnover. Delattre will take a 49 per cent stake in the Ohio company.

The noted Creusot-Loire will bring to just under 20 per cent Phoenix Steel Corporation on completion of \$12m. share and convertible bond deal, as part of Creusot-Loire's expansion programme in the U.S. Reuter

## SELECTED EURO-DOLLAR BOND PRICES

## MID-DAY INDICATIONS

New Zealand 10pc 1993	103	104	American Electric 10pc 1987	96	98
Asiatic 10pc 1995	92 1/2	93 1/4	Gillette 4pc 1987	91	92
Asiatic 10pc 1997	92 1/2	93 1/4	Asiatic 4pc 1987	92	93
Asiatic 10pc 1999	92 1/2	93 1/4	Asiatic 4pc 1999	92	93
Asiatic 10pc 2001	92 1/2	93 1/4	Gulf and Western 5pc 1988	102	104
Asiatic 10pc 2003	92 1/2	93 1/4	Asiatic 4pc 1988	92	93
Asiatic 10pc 2005	92 1/2	93 1/4	Asiatic 4pc 2005	92	93
Asiatic 10pc 2007	92 1/2	93 1/4	Asiatic 4pc 2007	92	93
Asiatic 10pc 2009	92 1/2	93 1/4	Asiatic 4pc 2009	92	93
Asiatic 10pc 2011	92 1/2	93 1/4	Asiatic 4pc 2011	92	93
Asiatic 10pc 2013	92 1/2	93 1/4	Asiatic 4pc 2013	92	93
Asiatic 10pc 2015	92 1/2	93 1/4	Asiatic 4pc 2015	92	93
Asiatic 10pc 2017	92 1/2	93 1/4	Asiatic 4pc 2017	92	93
Asiatic 10pc 2019	92 1/2	93 1/4	Asiatic 4pc 2019	92	93
Asiatic 10pc 2021	92 1/2	93 1/4	Asiatic 4pc 2021	92	93
Asiatic 10pc 2023	92 1/2	93 1/4	Asiatic 4pc 2023	92	93
Asiatic 10pc 2025	92 1/2	93 1/4	Asiatic 4pc 2025	92	93
Asiatic 10pc 2027	92 1/2	93 1/4	Asiatic 4pc 2027	92	93
Asiatic 10pc 2029	92 1/2	93 1/4	Asiatic 4pc 2029	92	93
Asiatic 10pc 2031	92 1/2	93 1/4	Asiatic 4pc 2031	92	93
Asiatic 10pc 2033	92 1/2	93 1/4	Asiatic 4pc 2033	92	93
Asiatic 10pc 2035	92 1/2	93 1/4	Asiatic 4pc 2035	92	93
Asiatic 10pc 2037	92 1/2	93 1/4	Asiatic 4pc 2037	92	93
Asiatic 10pc 2039	92 1/2	93 1/4	Asiatic 4pc 2039	92	93
Asiatic 10pc 2041	92 1/2	93 1/4	Asiatic 4pc 2041	92	93
Asiatic 10pc 2043	92 1/2	93 1/4	Asiatic 4pc 2043	92	93
Asiatic 10pc 2045	92 1/2	93 1/4	Asiatic 4pc 2045	92	93
Asiatic 10pc 2047	92 1/2	93 1/4	Asiatic 4pc 2047	92	93
Asiatic 10pc 2049	92 1/2	93 1/4	Asiatic 4pc 2049	92	93
Asiatic 10pc 2051	92 1/2	93 1/4	Asiatic 4pc 2051	92	93
Asiatic 10pc 2053	92 1/2	93 1/4	Asiatic 4pc 2053	92	93
Asiatic 10pc 2055	92 1/2	93 1/4	Asiatic 4pc 2055	92	93
Asiatic 10pc 2057	92 1/2	93 1/4	Asiatic 4pc 2057	92	93
Asiatic 10pc 2059	92 1/2	93 1/4	Asiatic 4pc 2059	92	93
Asiatic 10pc 2061	92 1/2	93 1/4	Asiatic 4pc 2061	92	93
Asiatic 10pc 2063	92 1/2	93 1/4	Asiatic 4pc 2063	92	93
Asiatic 10pc 2065	92 1/2	93 1/4	Asiatic 4pc 2065	92	93
Asiatic 10pc 2067	92 1/2	93 1/4	Asiatic 4pc 2067	92	93
Asiatic 10pc 2069	92 1/2	93 1/4	Asiatic 4pc 2069	92	93
Asiatic 10pc 2071	92 1/2	93 1/4	Asiatic 4pc 2071	92	93
Asiatic 10pc 2073	92 1/2	93 1/4	Asiatic 4pc 2073	92	93
Asiatic 10pc 2075	92 1/2	93 1/4	Asiatic 4pc 2075	92	93
Asiatic 10pc 2077	92 1/2	93 1/4	Asiatic 4pc 2077	92	93
Asiatic 10pc 2079	92 1/2	93 1/4	Asiatic 4pc 2079	92	93
Asiatic 10pc 2081	92 1/2	93 1/4	Asiatic 4pc 2081	92	93
Asiatic 10pc 2083	92 1/2	93 1/4	Asiatic 4pc 2083	92	93
Asiatic 10pc 2085	92 1/2	93 1/4	Asiatic 4pc 2085	92	93
Asiatic 10pc 2087	92 1/2	93 1/4	Asiatic 4pc 2087	92	93
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Asiatic 10pc 2095	92 1/2	93 1/4	Asiatic 4pc 2095	92	93
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Asiatic 10pc 2099	92 1/2	93 1/4	Asiatic 4pc 2099	92	93
Asiatic 10pc 2101	92 1/2	93 1/4	Asiatic 4pc 2101	92	93
Asiatic 10pc 2103	92 1/2	93 1/4	Asiatic 4pc 2103	92	93
Asiatic 10pc 2105	92 1/2	93 1/4	Asiatic 4pc 2105	92	93
Asiatic 10pc 2107	92 1/2	93 1/4	Asiatic 4pc 2107	92	93
Asiatic 10pc 2109	92 1/2	93 1/4	Asiatic 4pc 2109	92	93
Asiatic 10pc 2111	92 1/2	93 1/4	Asiatic 4pc 2111	92	93
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Asiatic 10pc 2117	92 1/2	93 1/4	Asiatic 4pc 2117	92	93
Asiatic 10pc 2119	92 1/2	93 1/4	Asiatic 4pc 2119	92	93
Asiatic 10pc 2121	92 1/2	93 1/4	Asiatic 4pc 2121	92	93
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Asiatic 10pc 2245	92 1/2	93 1/4	Asiatic 4pc 2245	92	93
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Asiatic 10pc 2251	92 1/2	93 1/4	Asiatic 4pc 2251	92	93
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Asiatic 10pc 2255	92 1/2	93 1/4	Asiatic 4pc 2255	92	93
Asiatic 10pc 2257	92 1/2	93 1/4	Asiatic 4pc 2257	92	93
Asiatic 10pc 2259	92 1/2	93 1/4	Asiatic 4pc 2259	92	93
Asiatic 10pc 2261	92 1/2	93 1/4	Asiatic 4pc 2261	92	93
Asiatic 10pc 2263	92 1/2	93 1/4	Asiatic 4pc 2263	92	93
Asiatic 10pc 2265	92 1/2	93 1/4	Asiatic 4pc 2265	92	93
Asiatic 10pc 2267	92 1/2	93 1/4	Asiatic 4pc 2267	92	93
Asiatic 10pc 2269	92 1/2	93 1/4	Asiatic 4pc 2269	92	93
Asiatic 10pc 2271	92 1/2	93 1/4	Asiatic 4pc 2271	92	93
Asiatic 10pc 2273	92 1/2	93 1/4	Asiatic 4pc 2273	92	93

NOTES

Air France 10pc 1982 ... 102 1/2 103 1/4

Andal 10pc 1982 ... 102 1/2 103 1/4

Asiatic 10pc 1982 ... 92 1/2 93 1/4

Barcelona 10pc 1982 ... 92 1/2 93 1/4

Cs Vil du Rhone 1982 ... 92 1/2 93 1/4

Esso 10pc 1982 ... 92 1/2 93 1/4

General Motors 10pc 1970 ... 92 1/2 93 1/4

Nippon Steel 10pc 1980 ... 92 1/2 93 1/4

Norway 5pc 1980 ... 92 1/2 93 1/4

Swedish 10pc 1981 ... 92 1/2 93 1/4

Source: Kidder, Peabody Securities.

Source: Kidder, Peabody Securities.

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# Announcing a new magazine about Institutional Investor

MARCH 1976

INTERNATIONAL EDITION

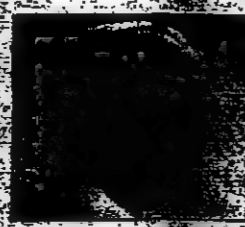
**EDF: Finding money for the lamps of France**  
**How Kuwait's investment policy is taking shape**  
**Government borrowing: The new preference for bonds**

General manager  
André Coussement  
of Luxembourg's  
Kreditbank



**The battle  
for supremacy  
in the Euromarket**

Here's what you'll be reading in our first issue



## GOVERNMENT FINANCING 44

The new preference for bonds  
There's been a perceptible shift in the market lately. Richer countries are now more able to raise capital via bonds while poorer ones are forced to stay with medium-term credits. This article recaps 1975's trends and predicts which countries should be able to do well this year.



## MIDDLE EAST 52

How Kuwait's investment policy is taking shape  
Some of the Kuwait Finance Ministry's enormous flow of revenues will be invested in the various world stock markets, but guardedly so, according to the ministry's director of investments, who's looking for established money managers to invest the funds in established stocks.



## CORPORATE FINANCING 56

Finding money for the lamps of France  
The capital needs of Electricité de France are enormous, especially in an age of nuclear power. This report describes how Paul Questiaux, who has shown a flair for taking new financing paths, is heading up EDF's search for funds.



## INVESTING 63

Are Hongkong stocks worth another look?  
New regulations have removed some of the boom-and-bust aura and, says this worldwide roundup of expert opinion, the prospects for Hongkong stocks are now solidly bullish.



## MARKETS 70

The computer assault on New York's foreign exchange market  
A banking establishment that has long dominated foreign exchange trading in America faces a tough challenge from a new computer system that could break things wide open.



## AMERICAN SURVEY 77

Are Wall Street traders burning themselves out? 77; The research renaissance of Faulkner, Dawkins & Sullivan, 85; Why corporate divestitures are becoming respectable, 93; Are U.S. bank stocks oversold? 98.

# Announcing a new magazine about international finance Institutional Investor's international edition

This week, leading bankers, financial officers and other professionals in 127 countries are reading *II's* international edition. This new magazine is rapidly becoming the most talked-about publication in international finance. Here's why you'll want to read it, too.

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As events have shaped a truly international financial community, there has been a growing need for a new magazine—one in which experienced journalists can report and analyze what's really going on in this fast-changing field. *II's* international edition now fills this vacuum, providing an objective, consistent, journalistic perspective on financing events. It reports not only how money is being raised, who is doing it and on what terms, but also probes the multitude of complex and controversial issues that are surfacing on the frontier of international finance.

Important as these topics are, too often they do not receive the journalistic attention they deserve. *II's* reporters tackle these difficult subjects in great depth. At the same time, *II* makes news by investigating other subjects that are sometimes talked about in the financial community but are rarely written about in the financial press. In addition, since financing is very much a "people" business, too, the magazine goes beyond the mere facts and looks at the imaginative—and interesting—individuals who are making things happen.

## Who is publishing *II's* new international edition?

For nearly a decade, some 100,000 financial professionals in the United States have been reading *Institutional Investor* each month. *Time* called the magazine "an instant success." *Newsweek* says it is "breathless with the drama of high finance." *Business Week* calls it "must reading." The company that publishes this magazine has not only earned a reputation for leadership in its field in the U.S., it has amassed an international following.

This is a reputation we intend to

uphold—and expand—with *II's* international edition. The same award-winning team of more than two dozen writers and editors (they have won fourteen major awards for distinguished financial journalism in the past five years) will be now joined by correspondents in leading financial centers around the world. Together, they will bring you an editorial product tailored to meet the mounting informational needs of the global financial community.

## Who will be advertising in *II's* new international edition?

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quickly establishing itself as the key place where new services, ideas and transactions are announced. Our distinguished list of charter advertisers include:

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## STOCK EXCHANGE REPORT

# Gilts react afresh but selective demand for equities

## Share index up 6.8 at 411.5—Golds better again

Account Dealing Dates  
Option  
First Declared Last Account  
Dealings Date Dealings Day  
Feb. 23 Mar. 4 Mar. 5 Mar. 16  
Mar. 5 Mar. 18 Mar. 19 Mar. 30  
Mar. 22 Apr. 1 Apr. 2 Apr. 13

It was a day of contrast in stock markets at the start of the new Account year. The further marked fall in sterling made for fresh weakness in British Funds, where long-dated stock's bore the brunt of the reaction. Selling pressure in this area was by no means heavy, but the virtual absence of support left quotations with falls extending to 11 at the close. Short-dated issues were relatively steady in comparison. Nevertheless, final quotations sustained falls ranging to 4, although the tone was improving in the very late dealings. The Government Securities Index fell 0.37 more to 61.90, for a loss of 1.66 over the last seven trading days.

Leading Industrials ignored the trend in gilts, the weakness in sterling encouraging further demand for large exporting issues. Stock shortages accentuated the day's gains, most buying orders being for only modest amounts. What interest there was tailed off in the afternoon and prices began to ease slightly. However, a firm opening on Wall Street gave a fresh fillip and final quotations were only a little below the day's highest. Up 7.1 at the best of the day at 2 p.m. the F.T. 30-share index closed 6.8 higher on balance at 411.5.

Secondary issues had little in the way of features, although as with the leaders a few exporting companies found buyers, while favourable week-end Press comment provided the odd bright

spot. Overall firmness, however, was reflected in a 3-1 majority of rises over falls in F.T.-quoted Industrials, and a rise of 1.2 per cent. to 167.04 in the F.T. Actuaries All-Share Index. Official markings of 7.593 compared with 7.730 last Friday and 6.725 a week earlier.

With conditions in the main funds still against Corporations, the new GLC 12½ per cent. 1983, issued in 200-pair form, fell 2 to 51, or 11 discount. Sterling's weakness again dominated sentiment in the investment currency market bringing marked volatility to the premium, which eventually closed near the day's highest at 101½ per cent. after 102 per cent. this represented a net rise of 5½ points and a gain of over 13 points in the past two trading sessions. Yesterday's SE conversion factor was 0.6633 (0.6806).

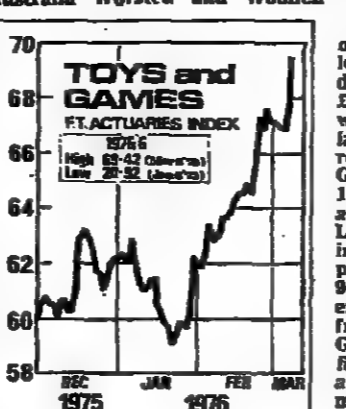
### Foreign banks firm

Boistered by the recovery of the investment currency premium, foreign issues stood out in the banking sector: Hongkong and Shanghai rose 2 at 211½, and Standard Chartered rose to 280½. Bank of New South Wales put on 3 at 64½, while improvements of 10 were seen in Commercial Union Assurance, 280½, and National Bank of Australasia, 285½. Bank of Australia added 2½ to 237½, and Compagnie Bancaire rose 3 to 222. Lloyd's hardened 3 at 223½, but the "new" nil-paid shares gave a penny at 16½ premium. The other big three were quoted ex-dividend. National Westminster lost 4 at 242½, Midland recorded a 3 at 270½ and Barclays were a shade off at 280½. Bank of Scotland was also friendless at 280½, and 2½.

Composite Insurances firmed throughout, although the volume of business was small. General Accident put on 5 at 185½, as did Tillyard Contracting, 245½, put on 5 and 7 respectively.

Star and Guardian Royal Exchange were both 4 higher at 134½ and 211½ respectively. Rises of 20 and 40 respectively were recorded in Combined Insurance Company of America, 880½, and Tokio Marine, 750½.

Consideration of the group's export potential attracted buyers to Distillers, which closed 4 better at 147½ in a generally firm market. Ema Wine, 170½, however, was unmoved by news that Incheape (4 up at 307½, after 410½) have withdrawn their offer following the Australian authorities' recent intervention; this action leaves Western Australia Worried and Woolen



Mills favourite to succeed with its offer of 170½ per share. Press comment on the Middle East connections directed attention to Taylor Woodrow, which improved to 222½ after closing 4 better on balance at 280½, and Tarmac, which ended 3 better at 188½, after 190½. Press comment was also reflected in A.P. Cement, 8 higher at 183½, and Marley 2 better at 107½. D. Crouch moved up 3½ to 40½, and Galford (Brindley), 43½, and Tillyard Contracting, 245½, put on 5 and 7 respectively.

ICI continued firmly, rising 6 more to an all-time peak of 354½. Elsewhere in Chemicals, Fisons advanced 8 to 411½ on small buying ahead of 10-day's preliminary statement. Hickson and Weller were raised 5 to 337½, while modest gains were scored by Albright and Wilson, 99½, and Laporte, 32½. Among the Overseas, Anglo-American hardened 10 to 213 and A.C. Eiser 21 points at 143½ in sympathy with the strength of the investment dollar premium.

After recent strength, Television Contractors were quieter and little changed. Elect. leaders bought

Buyers showed a fair amount of interest for the Electrical leaders, which closed near the day's best. Flessey, helped by a 22m. Libyan order, rose 3 to 83½, while EMI, a strong market of late on the cheering first half results, ended 3 higher at 256½. GEC closed 4½ up at 105½, after 161½, and Thera Electrical advanced 6 to 278½, while Philips Lamp, on the further strengthening of the investment currency premium, moved ahead 3½ to 96½. Elsewhere, BSR, a major exporter, improved 5 to 113½ in front of today's annual results. George H. Scholtes, with half time figures due Friday, rose 6 to a 1975-76 peak of 202½ in a thin market.

Metals provided a bright spot in Stores at 184½, up 4, following the company's statement that an agreement has been reached in principle for the acquisition of the United States concern Dekoro Corporation. "Gussies" "A" moved up 3 to 215½, while Marks and Spencer, 103½, and British Home Stores, 103½, were unchanged. Higher earnings took Marlin Ford up a penny to 38½, while Austin Reed "A" responded to Press comment with a rise of 2 to 36½. Shoes had a couple of firm spots in W. and E. Turner, 21½, harder at

20p on the increased earnings, and K. which picked up a like amount at 54½ following Press comment.

Revived demand, partly activated by newspaper mention, soon found stock of GKN in fairly short supply and the price rose 6 more to 238½. Other Engineers' leaders followed: Hawker gained 4 to 425½, Tube Investments a like amount to 430½ and Vickers 5 to 172½. Secondary issues were less noticeable, although Weyburn gained 10 further to 380½ and Babcock and Wilcox improved 5 to 277½. Press comment encouraged support for Copper-Neil, 3 dealer at 53½, Brookhouse, 2½ up at 53½, and F.H. Lloyd, 2 higher at 57½. The formal rejection of the Aurora cash offer left East Seneca marginally better at 32½, compared with the bid of just over 30p. Imperial Metal Industries "B" right at 38½, with the new nil-paid shares at 14½ premium. Swan Hunter responded to revived speculation about possible alteration in compensation terms and gained 7½ to 33½, after 30½. Shipbuilders were little affected.

Awaiting today's preliminary results, United Biscuits improved 1½ to 115½. Tate and Lyle rallied 3 to 271½, while an improvement of the dollar premium, hardened 12 points to 232½. Hotels and Caterers had J. Lyons "A" 4 higher at 150½.

J. Coral good again

Miscellaneous Industrials leaders made progress during a reasonably busy day. J. Coral, following last Friday's advance of 9, moved ahead 7 further to 128½ in response to the profits advance and dividend forecast accompanying the "rights" offer proposals. Hanson Trust appreciated 6 to 139½, while Johnson Matthey, 363½, Leamy Products, 53½, results due Friday, and Denbury, 147½, followed all rose 1. Tractar House, 104½, Portals, 150½, and Gesteira "A", 180½, secured gains of 4 apiece, and improvements of 3 were recorded in LCP, 65½, and Unilever, 75½. Favourable Press comment left Na-Swift Industries a penny harder at 19½, while a boom in foreign currencies, 130p, and the Australian Land Lease, 12p, recouped a moved ahead 10 to 253½.

penny of last week's fall of 7, which stemmed from the poor first-half report. On the other hand, Photopia International lost 2 to 44½ in reflection of the reduced interim profits. Hong Kong issues staged a rally. Jardine Matheson adding 15 at 385½.

Lucas featured Motors and Distributors, rising 8 further to a 1975-76 peak of 222½ with the help of a Press mention, the interim statement is expected March 23. Armstrong Equipment were similarly influenced at 71½, up 2, while investment support took Dowty up 4 to 168½ and Dunlop 5 higher to a 1975-76 peak of 90½. Among firm Garages, RSC, 24½, and British Car Auctions, 45½, put on 1½ and 3 respectively following Press comment.

Newspaper and Printings moved ahead quietly. Pearson Longman gained 3 to 116½ and DRG 2 to 130½. Teverest, awaiting today's preliminary figures, improved 1 to 271½, while Rensselaire results due on Thursday improved 2 to 57½. Press mention caused Jacks's Bourne Ltd to rise 5 to 70½ in this market. Elsewhere, Kinship rallied 3 to 20p.

Oil's strong

In the van of the higher movement throughout, Oils gained extra momentum late in the strong opening trend on Wall Street, with annual figures due on Thursday, rose 11 to 395½, while British Petroleum spurred 15 to 688½; the Iranian tanker was not a factor in the latter. Shell reflecting the oil find off the Scottish coast, Ranger picked up 1 to 131½, but LASMO/SCOT eased 3 to 167½. Investment currency influence took firm hold in the overseas section, where Pan Ocean gained 1½ to 110 and Glaxo 5 to 350½, while Beecham, 254½, followed. British-Somerset Wilkinson Match, 136½, put on 4 apiece. South African Industrials, Barlow Rand, 175½, and Rennie Consolidated, 175½, extended last Friday's rally by around 3 apiece. Elsewhere, J. Coral, following last Friday's advance of 9, moved ahead 7 further to 128½ in response to the profits advance and dividend forecast accompanying the "rights" offer proposals. Hanson Trust appreciated 6 to 139½, while Johnson Matthey, 363½, Leamy Products, 53½, results due Friday, and Denbury, 147½, followed all rose 1. Tractar House, 104½, Portals, 150½, and Gesteira "A", 180½, secured gains of 4 apiece, and improvements of 3 were recorded in LCP, 65½, and Unilever, 75½. Favourable Press comment left Na-Swift Industries a penny harder at 19½, while a boom in foreign currencies, 130p, and the Australian Land Lease, 12p, recouped a moved ahead 10 to 253½.

## FINANCIAL TIMES STOCK INDEX

	March 8	March 9	March 10	March 11	March 12	March 13
Government Secs.	61.90	62.47	62.79	62.85	62.85	62.85
Prime Interest	61.56	62.22	62.43	62.37	62.37	62.37
Industrial Unit Index	411.5	404.7	407.6	408.7	407.1	407.1
Gold Mines	178.1	172.5	164.7	164.0	174.7	165.1
Ord. Div. Yield %	8.09	8.15	8.08	8.15	8.15	8.15
Earnings Yld (%)	14.55	14.69	14.62	14.62	14.71	14.71
1976 Govt. Secs. 15-18	10.00	10.01	10.06	9.92	10.00	9.92
1976 Rate (100)	7.593	7.759	7.659	7.621	7.706	7.67
1976 Rate (100)	7.593	7.759	7.659	7.621	7.706	7.67
1976 Rate (100)	7.593	7.759	7.659	7.621	7.706	7.67
1976 Rate (100)	7.593	7.759	7.659	7.621	7.706	7.67

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(a) Based on 100 per cent. conversion rate. (b) 100 = 100. (c) 100 = 100. (d) 100 = 100. (e) 100 = 100. (f) 100 = 100. (g) 100 = 100. (h) 100 = 100. (i) 100 = 100. (j) 100 = 100. (k) 100 = 100. (l) 100 = 100. (m) 100 = 100. (n) 100 = 100. (o) 100 = 100. (p) 100 = 100. (q) 100 = 100. (r) 100 = 100. (s) 100 = 100. (t) 100 = 100. (u) 100 = 100. (v) 100 = 100. (w) 100 = 100. (x) 100 = 100. (y) 100 = 100. (z) 100 = 100. (aa) 100 = 100. (ab) 100 = 100. (ac) 100 = 100. (ad) 100 = 100. (ae) 100 = 100. (af) 100 = 100. (ag) 100 = 100. (ah) 100 = 100. (ai) 100 = 100. (aj) 100 = 100. (ak) 100 = 100. (al) 100 = 100. (am) 100 = 100. (an) 100 = 100. (ao) 100 = 100. (ap) 100 = 100. (aq) 100 = 100. (ar) 100 = 100. (as) 100 = 100. (at) 100 = 100. (au) 100 = 100. (av) 100 = 100. (aw) 100 = 100. (ax) 100 = 100. (ay) 100 = 100. (az) 100 = 100. (ba) 100 = 100. (bb) 100 = 100. (bc) 100 = 100. (bd) 100 = 100. (be) 100 = 100. (bf) 100 = 100. (bg) 100 = 100. (bh) 100 = 100. (bi) 100 = 100. (bj) 100 = 100. 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## FINANCIAL TIMES SURVEY

Tuesday March 9 1976

## ITALIAN ENGINEERING

Italy's hard-pressed engineering companies regard the country's political system as a stultifying influence, paying too little attention to this key sector of the economy. Currently there is little prospect of home sales increasing and the industry is having to look abroad for its markets.

struggle  
deep  
float

Kenneth Gooding  
Industrial  
Correspondent

er recting some of the  
most problems which beset  
the machine tool industry,  
an executive described his  
country's present predicament  
in almost poetic terms. "Italian  
manufacturing industry," he  
said, "is like a beautiful and  
fertile tree gradually being  
killed by ivy." As far as this  
is concerned, Italy's political  
and industrial system are  
a life-threatening weed.

his might be something of  
exaggeration. But many  
nagers in Italy's engineering  
companies, which are clustered  
mainly in the north and on  
the country's coast, so  
actively to turn out the products  
pay for imported energy and  
materials, feel strongly that  
they receive scant support and  
attention from the politicians  
and businessmen who are  
in charge of the country's  
economic and political power  
struggles.

the latest political crisis led

not only to Italy's 34th Govern-  
ment since the war (which  
means that the same old people  
were moved to different seats)  
but also to another financial  
crisis. The Government's  
reaction was to slam on the  
brakes, again. And Italy's  
version of "stop-go" takes some  
beating. It is only six months  
ago that manufacturing industry  
was given the "go" signal.

Just as the hard-pressed  
engineering companies, already  
struggling to cope with the  
world-wide recession, were find-  
ing credit a little easier to  
obtain, the Government dumped  
the latest "stop-go" package on  
them. This involved cancelling  
the recently-granted export  
credits, the mopping up of \$1bn.  
of liquidity from the banking  
system by raising compulsory  
reserves and an increase in the  
discount rate by a point to 8  
per cent. Within a few weeks  
the tightness in the money  
supply had pushed interest rates  
sharply up by 44 points to a  
prime rate of 14 per cent.

It is estimated that around 90  
per cent of private engineering  
companies are short-term with  
the banks, so it is not difficult  
to understand why the managers  
are bitter. It seems that the  
only way the Government can  
centrally control the economy is  
via the Bank of Italy and with  
monetary policies. And Sgr.  
Giovanni Agnelli, Fiat's chair-  
man, summed up the way most  
engineering concerns feel when  
he complained recently: "The  
lack of selectiveness which is a  
characteristic of all action on  
the monetary front has unfortu-  
nately increased the negative  
effects of the operation in terms  
of consumption, investments  
and the level of employment."

Certainly capital investment

in Italy is at a very low point.  
Economic growth last year  
showed a 3.5 per cent decrease  
and manufacturing industry's  
output fell for the first time  
since the war and was down  
11 per cent.

This was coupled with infla-  
tion equal to the U.K.'s at  
around 16 to 20 per cent. And  
a high inflation rate hurts  
engineering companies in par-  
ticular because of the cash they  
have to tie up in stocks and  
work-in-progress.

## Devaluation

The Government also seems  
to take the view that the steep  
devaluation of the lira against  
world currencies has helped the  
engineering concerns with their  
export efforts by making their  
products look better value for  
money. This was one reason  
offered to justify the cancella-  
tion of export credits.

However, this overlooks the  
fact that Italian engineering  
concerns have for years quoted  
their prices in U.S. dollars for  
some other currency harder  
than the lira) and that they  
also pay in dollars for imported  
materials and components. And  
those dollars have had to be  
paid for with lira that has been  
dropping rapidly in value since  
the latest political crisis  
developed.

The industry's cash flow prob-  
lems have been exacerbated by  
a public sector which hardly  
ever pays its bills on time. A  
great deal of work completed in  
the home market by the en-  
gineering companies is for local  
authorities. Many of the local  
authorities are broke and simply  
unable to pay. Rome, which has  
built up the biggest local  
authority deficit in the world—

including that of New York—  
currently owes U.S.\$1bn. for  
hospital construction and  
supplies alone, for example.  
Engineering companies com-  
plain that it is normal for local  
authorities to keep them waiting  
two years before completing  
payment for work done while  
the State-owned steel suppliers,  
looking to their own cash flow,  
insist on being paid promptly.  
This is an experience to some  
extent shared by U.K. engineer-  
ing companies.

The reason engineering com-  
panies have to rely so heavily  
on short-term debt to finance  
their business is that the stock  
exchange simply does not work  
at all well and that there are  
few companies of a size to  
warrant the investors' interest.  
One survey completed a year  
or so ago recorded that 91 per  
cent of Italy's engineering com-  
panies employ fewer than 200  
people, while the small number  
of concerns with more than  
1,000 employees accounted for  
around two-thirds of production.  
No wonder there are only 13  
engineering companies with a  
Milan "quote."

Like the U.K., Italy's main  
preoccupation when using in-  
dustry as a "political tool" has  
been either to create or pre-  
serve employment. Various Gov-  
ernment-union agreements have  
made it practically impossible  
for a company to declare an  
employee redundant. The distor-  
ting effect this has had on the  
engineering industry has led to  
the preponderance of small  
companies. Entrepreneurs hold  
back from increasing capacity  
because they do not want to take  
on unskilled employees. The  
tendency has been for successful  
people to encourage others to  
set up, for example, a business

to supply them with compo-  
nents by offering start-up capital  
and various guarantees about  
the amount of production they  
will take.

## Takeover

Ask ENI about Voxson or  
Leyland about Innocenti if you  
want the full, sad story about  
the almost-impossible task of  
actually closing down a company  
in Italy. For the Italian-owned  
companies, if they are of any  
size, the answer to financial col-  
lapse is usually a takeover by  
one of the State-owned holding  
companies. State involvement in  
industry in Italy goes much  
deeper than in the U.K., al-  
though some of the people  
managing the State groups  
point to the National Enterprise  
Board as Britain's first, big step  
in the same direction.

It is not just obvious indus-  
trial areas such as the supply of  
energy, the manufacture of steel  
and ships which come under the  
State's direct influence. For  
instance, there are a whole host  
of textile machinery manufac-  
turers within EGAM while  
another state holding company,  
IRI has control over companies  
making domestic washing  
machines, freezers, air-condi-  
tioning units and incinerators  
at the lighter end of engineer-  
ing as well as steel-making  
plants and process plant at the  
heavier end. With the Alfa  
Romeo car business in between.

To many privately owned  
engineers, however, the State  
holding companies represent  
employment-protection busi-  
nesses whose top management  
gradual conversion of any exist-  
ing low technology operations  
into those making advanced  
technology products requiring  
that the State-owned concerns, substantial research efforts and

in order to sell their products  
and keep up production, take  
to cutting prices in the lean  
times. These companies can  
afford to incur losses because  
the taxpayers will make up the  
difference, so the argument  
goes.

This, again, is an exaggerated  
viewpoint. It is true that the  
State companies do have to step  
in on occasion to "rescue"  
companies but, as in Britain,  
arguments about the usefulness of  
the businesses concerned to the  
country's economy to offset the  
impression that it is just a ques-  
tion of jobs being preserved.

The managers of the State-  
owned companies also insist  
that they are in business to  
make profits even though they  
are not expected to maximise  
profits. At the same time the  
State companies see their major  
role as one of putting Italian  
industry into the kind of group-  
ings which can afford the re-  
search and development neces-  
sary if the country is to keep  
ahead on the technological  
front. EGAM argues that it has  
put together a logical group of  
textile machinery makers so  
that it now has the ability to  
offer the total "packages" that  
are demanded for new textile  
mill projects the world over.

And Finmeccanica, the mech-  
anical engineering part of IRI,  
maintains that its ultimate goal  
is to put a greater emphasis on  
size so that there can be econ-  
omies of scale and a higher de-  
gree of specialisation by a  
holding companies represent  
group's various operating units.  
"We also want to see a  
gradual conversion of any exist-  
ing low technology operations  
into those making advanced  
technology products requiring  
that the State-owned concerns, substantial research efforts and

a high degree of system engi-  
neering skills," it maintains.

To this end Finmeccanica it-  
self has identified three "strate-  
gic" sectors to develop—auto-  
motive, thermo-electro-mechan-  
ical and nuclear power and  
aerospace.

## Resources

This search for higher tech-  
nological content and added  
value in products is a preoccupa-  
tion in the engineering indus-  
try because Italy has practi-  
cally no natural resources of its  
own. It imports more than 80  
per cent of its energy require-  
ments and nearly all the coal,  
scrap metal and iron ore which  
goes into the steel for its en-  
gineering products. (Italy's con-  
centration on developing  
nuclear power plants as quickly  
as possible has to be seen in  
this context.)

There can be no denying the  
success Italy has achieved al-  
ready in the production of  
engineering products which in-  
clude a large element of higher  
technology. The machine tool  
industry, to quote one example,  
estimates that the average  
machine it exports from Italy  
costs 10 to 15 per cent more  
than the machines that are im-  
ported. And Italian consortia  
are building petrochemical,  
fibre, fertiliser, steel plants and  
so on all over the world.

Much of the Italian engineer-  
ing industry was already ex-  
porting up to 50 per cent of  
output before the recession but  
has managed to improve its  
position since then. The new  
concentration of wealth in  
Middle East countries has  
helped to some extent because  
Italy is well-placed to win  
causing the hold-up.

CONTINUED ON NEXT PAGE

## CTIP — The importance of diversification



CTIP is an international organisation with affiliates throughout the world. The head office (photo) is in Rome in the EUR business district. This office, where there are more than 1,000 employees including graduate engineers, technicians, designers and specialists, are supplied with the very latest equipment including complete model shop facilities and a large Computer Centre.

CTIP is an engineering company specialising in the design and engineering of plants for the petroleum, chemical, petrochemical, bio-chemical, pharmaceutical, food processing industries and of other industrial plants. In over 40 years of activity CTIP has not only become a leader in the petroleum field, but it has also diversified into all sectors of economy and built complete industrial complexes throughout the world, on behalf of almost all the major international companies.

The share capital of CTIP is entirely owned by BASTOGI INTERNATIONAL which can provide it with its operative and financial backing for any project to be carried out. Engineering companies are actually at the basis of every development process of industrial activities, beyond the simple technical know-how for the erection of plants.

Through its own Projects & Development Department, CTIP has been responsible for many grass-roots projects and successful innovations that have later become standard practice in the industry and it has established a close working relationship with practically all the leading process licensors and research institutes in the international field.

CTIP provides the process industries with the full range of services required for the plant planning, design and construction. Whatever the project, whatever its location, CTIP can provide these services, customised and designed to meet specific job requirements. For any number CTIP is ready to take on total responsibility for the design, construction, for complete project execution, in the following fields of activity:

- Petroleum refining
- Chemical, petrochemical plants
- Bio-chemical, pharmaceutical and food processing plants
- Fossil-fired, electric generating facilities
- Nuclear-powered electric generating facilities
- Industrial plants
- Off-site facilities
- Environmental control



FERMION OY, Finland—Grass roots pharmaceutical plant.

## Petroleum refining

Modern petroleum refineries are highly automated and integrated complexes, consisting of many processing units and respective auxiliaries, designed for safe and efficient operation.

It takes a highly qualified organisation to plan, design and construct today's refineries.

CTIP has the opportunity and capability of executing projects of any size anywhere in the world.

Whatever the project, CTIP can provide the comprehensive range of services outlined herein, custom tailored in order fully to meet specific job requirements. Of particular significance is the contribution CTIP can make in the early planning and development stage of projects.

CTIP's broad experience of this specific stage resulted in significant reductions in plant investment cost, increased operating flexibility and reduced operating and maintenance costs.

Chemical and petrochemical plants: The rapid expansion of technology has generated countless new products synthesised from the raw materials nature has provided.

As the number of these has grown, so has the number and diversity of processes to produce them.

This particularly applies to the petrochemical and chemical industries, where a remarkable development of most sophisticated and automated industrial complexes has taken place.

The technological complexity of such plants requires a highly qualified engineering staff in order to provide maximum efficiency and safety of operation at the lowest possible cost.

CTIP has actively taken part in the world's chemical and petrochemical industries by developing, in co-operation

with many international companies and process licensors, advanced production processes.

Bio-chemical, pharmaceutical and food processing plants—In the world's bio-chemical sector CTIP occupies an advanced position.

CTIP bio-chemical engineers have worked with biological systems and materials of biological origin for many years and have directly contributed to the development of fermentation processes, of enzymatic conversion and the biological treatment of wastes for the pharmaceutical and food processing industries.

CTIP experience in the biological field covers kinetic studies, process evaluation, process scale up, optimization of fermenter design and design of enzymes systems, as well as of recovery and separation operations.

CTIP has designed and built the largest bio-chemical complex in the world.

CTIP is well aware that the application of technology will develop well beyond the present-day concepts and that biochemical engineering will play a predominant role in the future industrial development.

CTIP is now committed to a basic and applied research programme in co-operation with an international organisation specialising in this field.

Fossil-fired electric generating facilities — CTIP and STONE & WEBSTER Engineering Corporation have concluded a licence agreement under which CTIP will be licensed to use S & W's technology in connection with the design, procurement and construction of fossil-fired electric generating facilities in Italy and projects for such facilities in which Italian financing is principally employed. It is intended that CTIP will send personnel to S & W's U.S.A. offices to participate in an orientation

programme during which S & W's technology with respect to this type of facility will be made available to CTIP. It is further contemplated that S & W will co-operate with CTIP with respect to specific projects which CTIP undertakes for such facilities.

Industrial plants—CTIP has expanded its operating capability to meet the requirements of a growing number of industries.

Today CTIP can provide complete engineering services for industrial projects of any kind in the field of rubber, ceramics, glass, pulp and paper, heavy machinery, transportation equipment, electrical utilities and equipment.

These services include the following:

- Site planning and utilization
- Architectural and structural building design
- Materials handling and storage (manual, automatic, computer control)
- Packaging (filling, canning, bagging, storage)
- Approval by the control authorities (FDA, USDA, CPP, etc.)
- Heating, ventilating, air-conditioning

Off-site facilities — Offsites represent a major part of a plant's investment cost and their integration with processing facilities will permit considerable savings in plant investment and operation costs. This problem, already important in the past, has become today, owing to the energy and water supply crisis, of absolute priority.

Conscious of all these needs CTIP has established a group of engineers specialising in the design of systems to support all process operations including:

- Water supply, storage, treatment, distribution, reclamation and re-use.
- Steam generation, distribution and control;
- Power generation, distribution and control;

- Air for process and instrument control;
- Refrigeration for processing and storage;
- Cryogenic and underground storage;
- Marine, rail and road terminals;
- Fire protection and security.

Environmental control — Environmental protection and pollution control raise many challenging and complex problems.

This is then complicated by the need to interpret vaguely defined regulations.

For a long time CTIP has been giving great attention to the solution of these problems.

To this purpose CTIP maintains a group of environmental specialists working exclusively in this field.

CTIP's environmental specialists have successfully built large plants for industrial effluents treatment and not only in the field of petro-

leum and petrochemical industries, but also for biochemical, pharmaceutical and food industries.

CTIP has also been involved in environmental conservation studies and planning in view of future development in the industrial field.

Many important projects have been recently completed by CTIP in Italy and abroad. Let's mention the most significant ones. The two sophisticated refineries at Bertomico (Milan) for GULF and at Volpiano (Turin) for BP and the LIQUICHIMICA chemical plants at Robassomero and at Augusta for the production of, respectively, lubricant oil additives and n-paraffins.

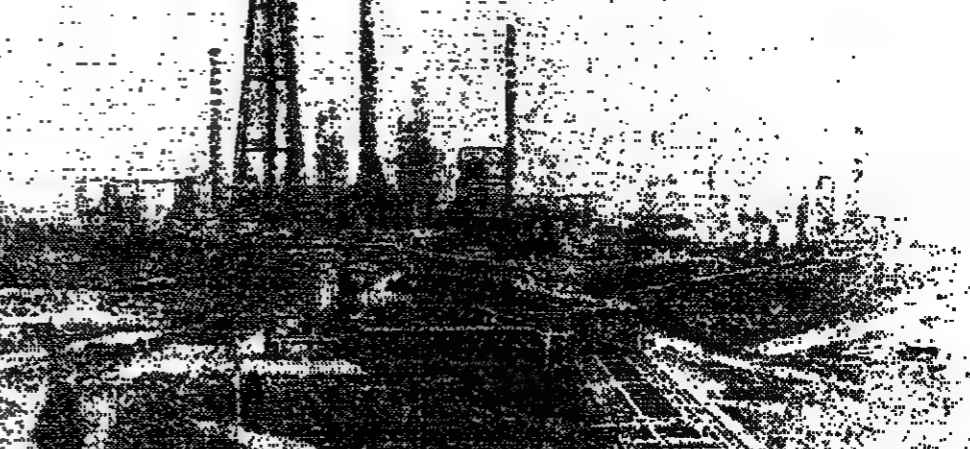
CTIP is now completing for LIQUICHIMICA BIOSINTESI at Saline di Montebello (Reggio Calabria) the largest industrial complex in the world for the production of citric acid, amino acids and bio-proteins. Among the recently completed projects in the pharmaceutical sector

there is the plant for the production of antibiotics built for SQUIBB, near Rome, and FERMION OY, Finland, and a complex at Livorno for DOW CHEMICAL for the production of polystyrene.

Among the projects carried out abroad must be mentioned the ESSO A.G. refinery in Hamburg and the SCAN-RAFF refinery in Sweden, which with its US\$350m investment capital represents one of the largest contracts ever placed with an international engineering company.

CTIP main offices are in Rome and it operates with an approximate staff of over 1,000, among which are engineers, chemical and technical specialists. Its operative capacity amounts to about one and a half million of project working hours per year.

With its 40 years of activity CTIP represents one of the leading engineering companies operating at an international level.



LIQUICHIMICA AUGUSTA A.p.A., Augusta, Italy—Grass roots petro-chemical complex

## ITALIAN ENGINEERING II

## Energy plans criticised

A WHITE, windowless tower on the banks of the Po about 50 miles from Milan has been the scene lately of intense diplomatic activity on the part of U.S. General Electric. Even Mr. Reginald Jones, U.S. General Electric's chairman, has paid his respects. This is because the Caorso nuclear power station is the most nearly completed nuclear project in Europe in which the company has a direct (20 per cent.) interest, and the lead station worldwide for the 17 Mark II General Electric boiling water reactors under construction.

Caorso, 960 MW, is now scheduled to produce its first electricity in October—19 months behind the original date. As the only nuclear station currently under construction in Italy, however, it has taken the full brunt not only of an idiosyncratic labour situation but of a rapidly maturing concern for nuclear safety since construction commenced in 1970.

## Stable

Caorso, a turnkey project, is a joint venture between Ansaldo, part of the State-owned Finmeccanica engineering group, and U.S. General Electric. It is built in a geologically stable region—witness the number of cathedrals to be found intact in northern Italy—but the safety authorities were taking no chances. They wanted it built on a thick reinforced concrete "mat" containing an exceptionally high density of steel reinforcement. They also wanted it designed to resist what the Italian nuclear industry calls a "CNEN missile," this being a car or tree sucked up by a tornado and hurled against the pressure vessel containment. (CNEN,

the National Committee for Nuclear Energy, is also the regulatory agency.)

Partly as a result of various design changes imposed by CNEN and by the manufacturer, as experience of the reactor accumulated, the final cost of Caorso is expected to be about 80 per cent. above the original estimate. But this will be offset to some extent by an additional 50 MW of output obtained through improvements to the fuel over the period of construction.

ENEL, the State-owned electrical utility which covers about 75 per cent. of Italy's electricity demand, has no doubt whatever that even at a high price for construction—perhaps a factor of two above fossil-fuelled plant—nuclear energy must become the bedrock of its supply system. Yet Italy's energy situation provides a salutary reminder of the pitfalls awaiting anyone—say, a uranium producer—who tries to make a global estimate of long-term demand for resources by totting up national plans and projections.

At the end of last year the Italian Government, almost heretofore indigenous fuels, produced its national energy plan, the outcome of two years of deliberation. It called for an additional 40,000 MW of nuclear electricity by 1990—half of it by 1985. ENEL's present position is that it has three small (demonstration) nuclear stations in operation and the number of cathedrals to be found intact in northern Italy—but the safety authorities were taking no chances. They wanted it built on a thick reinforced concrete "mat" containing an exceptionally high density of steel reinforcement. They also wanted it designed to resist what the Italian nuclear industry calls a "CNEN missile," this being a car or tree sucked up by a tornado and hurled against the pressure vessel containment. (CNEN,

high recourse to borrowing at home and abroad. Overall, the first half of the programme aims to reduce Italy's dependence on oil from 73 per cent. of its energy demand at present to 55-60 per cent. by 1985.

## Technology

But there is little sign yet of the nuclear part of the plan being implemented, beyond some orders from ENEL for long-lead-time components such as pressure vessels. The utility has already decided upon the technology, and orders are to be shared between the boiling water reactor (BWR) and pressurised water reactor (PWR). The main contractor for the nuclear steam supply system will be AMN Ansaldo, the nuclear arm of Finmeccanica, which has access to both General Electric and Westinghouse technology. This company has already built up manufacturing capacity for up to three "nuclear islands" a year.

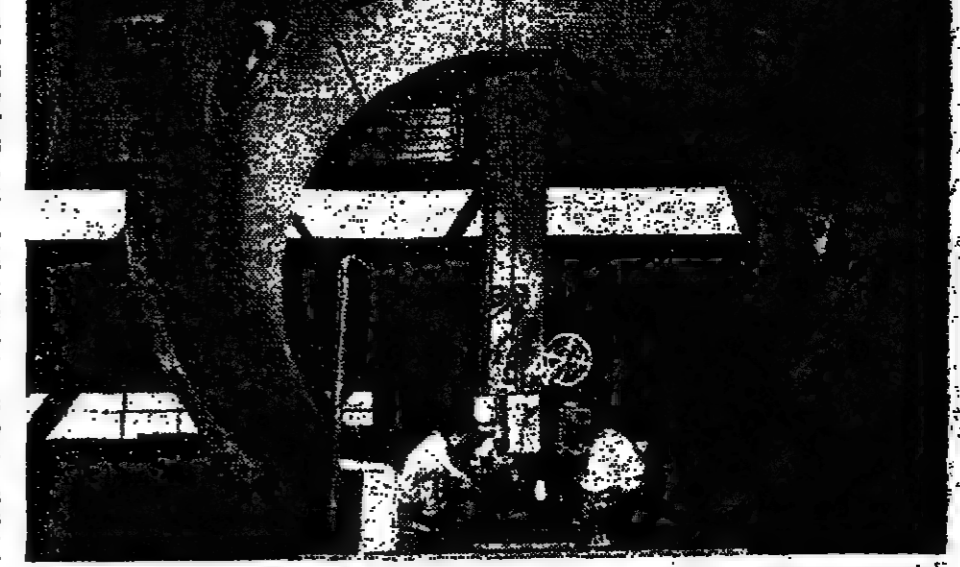
But the crucial missing factor is siting. No new nuclear sites have been approved and hence no site preparation is yet under way. Professor Arnaldo Angelini, ENEL's chairman, has been

conducting a long and patient campaign of persuasion throughout the nation, backed up by CNEN and the Italian Nuclear Forum. The objections have changed, he says, from fear of nuclear systems in general to more politically charged opposition citing the impact on tourism of a chain of coastal nuclear plants. Even when local authorities have been persuaded to drop all technical charges they have come back and said they want roads or hospitals first, and only then will they be willing to discuss nuclear stations.

Other objections may have a more familiar ring in Britain. They assert that Italy should look to its national energy resources—sunshine, sea and geothermal energy, for example. Professor Angelini says wryly that it took quite a while to get it across that Italy could not harness tidal energy because, although it has 7,500 km. of coastline, it has no tides. It does have some geothermal energy, and ENEL claims to be producing already about half of the world's total geothermal electricity output. It is consultant to a dozen other countries such as Columbia, Nicaragua and Iran. But its geothermal

capacity amounts to less than 2 per cent. of Italy's electricity demand. And although it has been drilling an average of 15 km. of new boreholes a year since 1963, its capacity has increased by only 10 per cent. because of the decline in output of its older boreholes.

As for solar energy—one of the resources for which Italy is most widely known—the most advanced technology is to be found on the cliffs above Genoa, where Professor Giovanni Francia has built an array of 271 sun-following glass mirrors which reflect the sun's rays into a steam generator suspended high overhead. The steam generator itself is of ingenious design that efficiently extracts a high proportion of the energy reaching it from the sea of mirrors, so raising steam at conditions which match the needs of modern turbines—600-600 deg. C and 150 atmospheres pressure. This array can raise 100 kW of heat. Ansaldo, in partnership with MBB in West Germany, is now offering two sizes of solar power-plant—100,000 kW and 1 MW—for delivery in 1979. Sardinia has already ordered the smaller size of plant.



Welding a rolled steel plate pressure vessel shell ring for a light water reactor at the Milan works of Breda Termomeccanica.

But this solar technology, however impressive, falls a long way short of the output of a single nuclear station, at about 1,000 MW. The Italian Government is sufficiently impressed with the possibilities for alternative energy sources to have approved recently a £29m. five-year research programme drawn up by Professor Mario Silvestri for the National Research Council. But no one knowledgeable on energy matters believes that it can modify in any significant way the precepts on which the national energy plan is founded.

Nevertheless, there are plenty of sceptics prepared to vouchsafe that Italy will fall far short of its nuclear goal of 20 reactors completed inside ten years. Confindustria, the Confederation of Italian industry, which has its own energy committee, has criticised the plan on two grounds: first, that it assumes too high a rate of growth for the

economy; and second, that it will commit too high a proportion of national resources to the energy sector, leaving everything else depleted. It believes that the plan should—and will—progress in steps, so that the construction programme can be kept closely attuned to the progress of the rest of the economy.

Perhaps the last word should be left to Breda, the heavy engineering arm of Finmeccanica, which has received orders from ENEL for the first four pressure vessels for its new nuclear programme. Breda, in Milan, was the first company outside the U.S. to be certified by U.S. nuclear vendors for fabrication to nuclear standards. It has invested in manufacturing capacity capable of producing five or six pressure vessels a year, and eight to ten steam generators. This capacity includes techniques no other supplier uses, such as a method of bending shell rings for pres-

sure vessels by rol-  
ion of welding required.  
Breda, under its  
director Dr. Ing  
Milano, who has  
charge of all of Fin  
BWR activities, has  
impressive export re  
set the uncertainties  
tic demand. In 197  
negotiated a con  
Westinghouse to su  
PWR vessels for U  
with options on a  
orders from ENEL for the first  
(although all 33 pr  
since been suspende  
is negotiating for a  
involve up to ten se  
components for 1  
Russian PWRs, worth  
£50m. per set. It is  
for a requirement to  
a dedicated factory  
USSR for the fabri  
heavy nuclear compo

David J  
Science

## Struggle

CONTINUED FROM PREVIOUS PAGE

The small companies say they are just not in the position to give the kind of assurances on investment that are looked for. There is no problem for the big companies on the investment assurances but they are not happy about suggestions of further worker involvement with management. (Fiat, in this connection, has already off its own hat given the union assurances about its future investments being directed at the South of Italy and a

guarantee that there will be no redundancies until at least the end of 1978.)

The national policy of determinedly pushing industry to the south of Italy, which like a different country to the north, affects most investment decisions. The aim has been to provide more jobs in the south where there traditionally has been a high rate of unemployment and where wages are well below those of the industrialised north. The State companies are obliged to locate at least 80 per cent. of new production and 80 per cent. of new capital investment in the south—a policy which conflicts with the natural growth of engineering.

## Cluster

Engineering the world over is an inter-dependent industry and companies tend to cluster together for this reason. In the south of Italy there is no equivalent of the process which is a feature in the north where the would-be entrepreneur leaves his job with an engineering concern to set up "under-the-arches" with his own business. From a very few of these acorns do some oak trees grow. In the south there are no acorns. Even so, Fiat, undoubtedly the most important of the private-enterprise Italian engineering combines, is devoting all its investment in new capacity to the south. For many companies this emphasis on the south is a "cathedral in the desert" policy, a reference to the fact that there is very little infrastructure to support industrial plants in the region. Alfa Romeo's Alfa Sud plant's productivity is reputed to be 50 per cent. below that of the northern plant mainly because the lack of public transport in the vicinity means that many of the employees have to travel up to three or four hours a day getting to and from work and their efforts at the plant suffer as a result.

Italian engineering is also having to cope with the after-effects of an oil crisis which completely changed the prospects for its car industry which, though doing better than surviving, will be in need of new capacity for some years. The timing of the oil crisis could not have been worse for it came just as Italian engineer-

ing was getting adjusted to the virtual collapse of the "white goods" sector. It has been estimated that up to 60 per cent. of Italian engineering was involved in the production of cars, refrigerators, freezers, washing machines and so on.

Most of the "fringe" operators encouraged into the consumer durables business by the boom years seem to have gone to the wall or at least gone from the scene. This leaves the country with a handful of major companies able to hold their own with European competition although one of them, Ignis, is now owned by Philips of Holland, while another, Zanussi, was helped by an injection of capital from Germany's AEG group.

The similarities between the problems of Italian and U.K. engineering are more obvious than the differences and, like the British industry, the Italian engineering concerns seem to be struggling through the recession seemingly on the brink of real disaster and yet feeling that they will make it through to the upturn in world demand. Short-time working rather than lay-offs is the order of the day.

After 18 months of stagnation in the economy there are 1.2m. unemployed in Italy and it is estimated that 120 factories and 80,000 jobs are at stake. But these major difficulties are mainly confined to the textile, clothing, man-made fibre and building industries.

Italy's economic growth for 1978 is forecast to be 2 per cent., against last year's drop of more than 3 per cent., a forecast which most engineering companies feel is realistic. They are not so confident about the official estimate that inflation can be brought down to 12 per cent. by the end of the year compared with the current figure somewhere between 16 and 20 per cent.

With little prospect of any significant increase in home market demand, particularly as the automotive and consumer sectors have no need to invest and as high interest rates deter other industries from investment, any growth in Italian engineering's output this year will have to come from export demand. In that respect it is in exactly the same boat as engineering in the U.K.

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AMF Padovan specialises in the food processing and oenological fields particularly—  
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AMF Padovan ranks among the best qualified manufacturing Companies of special machinery for the food processing industries. Its production range covers the fields of refrigeration, filtration, heat exchange, pasteurization and distillation. The constant direct contact of the Company's technicians with the customers, added to wide and long experience and a profound knowledge of the sector's specific needs, has enabled AMF Padovan to expand its conventional machinery production field of activity to include "engineering" aiming at designing and constructing plants for the processing of food liquids in general. Why this change? In the first place because being able to design and construct the plants also means selling its own machines, and them it seemed logical to make good use of the experience acquired in the making of these machines and to apply them in engineering.

Thus AMF Padovan has been for years very active in the food engineering field, specializing particularly in the oenological industry, on behalf of which it constructs complete turnkey cellars or expands and modernises existing complexes. One of what is, to our mind AMF Padovan's most significant activities—hence our citing it first—is the exploitation of the oenological industry's by-products, a sector closely connected with various branches in the chemical, agricultural and food area. In fact, the principal by-products processed with the Company's technologies are: alcohol, spirits and alcohols in general, oil (used as it is or for obtaining various seed-oils) and tartaric acid, a by-product of the widest use in a variety of fields but mainly in pharmaceuticals, preserves, baking products and sparkling drinks. For obtaining all these products, AMF Padovan makes single machines or even complete turnkey plants. It is important to emphasise the Company's studies designed for constantly improving management economy.

AMF PADOVAN S.p.A.—Via Dal Vera, 13—31015 Conegliano (Treviso) Italy  
Telephone (0438)-23581/2/3 — Telex 41367/Padovan

Wherever possible we try not to waste anything by using recycling and recovery plants to the utmost. For example, some of the by-products that once were eliminated for fuel, are now used as fodder components. Over and above the oenological side, the main fields in which AMF Padovan's engineering division operates, are: beer, soft drinks, syrups, fruit juices, oil, liquor and preserves industries. A subject worth treating apart is the intensive work which AMF Padovan carries out abroad, extending its commitment from its traditional studies to that of machinery for obtaining alcoholic and soft drinks from exotic fruit or other local produce (cacao, pineapple, dates, etc.).

Notable advantages are thereby gained by the various countries concerned, but mainly two kinds: they are released from the necessity of importing finished or semi-finished products and local industrial activities are developed. In each and every work, AMF Padovan starts from the fundamental principle that a plant is not merely a sum of machines, but it must have its own logical policy such as: minimum labour, highest efficiency, maximum saving in management, optimum mechanization, maximum automation.

AMF Padovan supplies turnkey plants: in reality, to speak of "guaranteed product" plants, would be more correct. What does this mean? What distinguishes the Company as providers of engineering is precisely the fact that its technical specialists are thoroughly familiar with both the specific field in which the Company operates and the product in all its qualitative and organoleptic features. This, from the industrial and technological point of view permits a wide choice of the most suitable machinery and equipment towards obtaining the best product quality and instructing the purchasing firm's technicians and staff on the most rational way of utilizing them.

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## ITALIAN ENGINEERING III

# Mechanical engineering

RAPID development of mechanical engineering products in recent years has been among the companies which only by that of in Europe and Japan are in the world. Its output is roughly one of Italy's entire manufacturing production. The indication of the scope of the industry covers today you only look at the steel engineering, trade ANIMA, which takes in public and private companies. The companies have more than 1,000 plants, operating in 100 countries, in the OPEC countries.

**Oblivion**  
There is one exception in the food machinery business. Italy's makers of machinery for the milk processing industry say they are almost on the point of oblivion. For years they have been suffering from a very low demand from the home market because milk production in Italy has been limited and imported milk has been expensive. Confirming the theory that every exporting industry needs a good solid home base on which to grow, the milk machinery makers say that they have not been able to generate enough cash from the home market to plough back into the kind of research and development needed if they are to make any headway overseas. Consequently exports are now virtually nil.  
It often happens that one particular mechanical engineering sector will reflect and illustrate the general pattern. This seems to be the case with the also been hit hard, experience last year of Italy's

Manufacturers of refrigerators, cookers and coffee machines have been among the companies which only by that of in Europe and Japan are in the world. Its output is roughly one of Italy's entire manufacturing production. The indication of the scope of the industry covers today you only look at the steel engineering, trade ANIMA, which takes in public and private companies. The companies have more than 1,000 plants, operating in 100 countries, in the OPEC countries.

The cast iron and aqueduct valves and fittings part of the industry, be in a good position, for the potential is certainly there if Italy could get on with the important civil engineering projects which have been muted. The trouble is that the local authorities who are the main customers have run out of cash rather like so many of their counterparts in the U.K. Only absolutely essential maintenance work is being commissioned by many of them.

**Waiting**  
The other problem for the suppliers of equipment to the Italian local authorities is that they are kept waiting an inordinate length of time before the bills are paid—two years is normal. Only one local authority seems to have the ready cash, the Cassa del Mezzogiorno, set up to develop the south of Italy and financed directly by the central Government. This authority will pay up in six months. Until Italy has a more stable government and local authorities improve their finances the makers of cast iron and aqueduct valves will see no real recovery in their situation—unless, that is, they are prepared to satisfy the orders and wait for the cash.

One sector which is doing

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# Trade improvement

THE ITALIAN engineering industry, taken in its widest sense to include the steel and non-ferrous metals industries, mechanical and electrical engineering and the automotive industry, played a major role in bringing about an extraordinary improvement in the overall Italian balance of trade last year.

Indeed the industry as a whole reacted to the unprecedentedly severe recession, which saw industrial production drop by 9.5 per cent. last year, by putting into action an aggressive and successful search for export markets. On the other hand the steep decline in domestic demand which characterised the recession also led to a substantial reduction in imports of engineering products from abroad.

In overall terms the Italian trade balance improved from a L.5,200bn. deficit in 1974 to L.2,340bn. in 1975. The three main branches of engineering contributed to this in the following way. The iron, steel and non-ferrous industries and derivatives raised exports 23 per cent. to L.2,069bn. in the face of a 29 per cent. drop in imports to L.1,871bn. This left a positive balance of L.227bn. compared with a deficit of L.1,077bn. in 1974.

The engineering industry proper boosted its exports by 22 per cent. to L.3,883bn. compared with a 1 per cent. increase in imports to L.3,890bn., so giving a positive balance of L.2,493bn. compared to L.1,480bn. in 1974.

A more detailed breakdown of the engineering sector proper shows that machine tool imports dropped 19 per cent. to L.1,822bn. in 1975, a mere indicator of lower domestic investment, while exports rose 28 per cent. to L.4,158bn. At the same time the import of precision instruments rose 9 per cent. against a 15 per cent. rise in exports to L.5,585bn. Textile machinery exports rose 18 per cent. to L.2,744bn., telecommunications equipment 17 per cent. to

L.3,300bn. while exports of other kinds of engineering products rose 22 per cent. to L.3,237bn.

In the automotive industry, including two-way trade in knocked down components and parts, exports rose 34 per cent. to L.2,933bn., while imports rose slightly faster to L.1,579bn., but this still left a positive balance for the industry of L.1,354bn.

Unfortunately, however, all is not gold which glitters. Last year's figures show that the engineering industry has a margin of safety which enables it to step up its exports in response to a domestic recession. But a large part of these exports was made possible only by cutting profits to the bone or even accepting losses. Investment in engineering, with the notable exception of Fiat and some others has been slowed down or cut back sharply. This bodes ill for future competitiveness, even though the recent devaluation of the lira should confer a temporary benefit to exporters.

At the same time imports of engineering products, semi-manufacturers and industrial raw materials for the basic industries have been exceptionally low because of massive stockpiles. These all have to be reconstituted at a time of rising raw material prices exacerbated by the latest devaluation of the lira. Another major question mark over future competitiveness concerns the outcome of the national labour contracts for 1976, workers in the industry, which are currently up for negotiation. Higher contract wages plus the effect of the automatic threshold payment system linked to the cost of living index pose a major problem unless union cooperation in reducing absenteeism and raising productivity is achieved.

\* £1 = L.1,360 A.R.

# WHEN YOU THINK ABOUT FIAT, YOU THINK ABOUT CARS. BUT IN '76 YEARS FIAT HAS ALSO EXPANDED MANY OTHER TYPES OF ACTIVITY.

Everybody knows that Fiat has been making cars since time began. And many other things too. It is, however, worth remembering that when Fiat set out to mass-produce cars, it was already engaged in the commercial vehicle field (1903).

And that in the years when Felice Nazzaro was driving Fiats to victory in the most important motor races, including the Targa Florio, Fiat had already built diesel (1907) and aero (1908) engines.

Thereafter Fiat began its own iron and steel production (1917). Manufacture of railway rolling stock began in 1917 and of agricultural tractors in 1919.

More recently, divisions for the application of nuclear energy (1958), earthmoving equipment (1958), gas turbines (1960) and Fiat Engineering (1973) for building and specialized projects have been set up.

Fiat today operates in all these sectors and more. Its vehicles are built or assembled in 30 countries and it exports its products, engineering and expertise to 125.

So the name "Fiat" does not just mean cars, and never did. Fiat has always had the entrepreneurial drive to extend the capacity and know-how acquired over the years to all developing industrial sectors. Today the urge to take advantage of every business opportunity has grown even further to keep pace with economic development. This is the present situation:

## COMMERCIAL VEHICLES

Five makes with great traditions (three Italian: Fiat, OM, Lancia; one French: Unic; one German: Magirus Deutz) have put their engineering and productive potential together and set up one of the major enterprises in the sector: IVECO. Directly owned factories in Italy, France and Germany. Licence and assembly agreements in more than 20 countries throughout the world.

## AGRICULTURAL TRACTORS

The world's leading manufacturer of crawler tractors, Europe's leader in wheeled tractors. Fiat Trattori SPA on its own accounts for more than 10% of world production in the sector.

## EARTHMOVING EQUIPMENT

Fiat Allis is one of the sector's international leaders. It operates factories in Italy, the United States, Great Britain and Brazil and exports to every country in the world.

## AVIATION

In cooperation with the world's major manufacturers, Fiat is working on the development of the next generation of jet engines. These include the RB 199 for the MRCA variable geometry aircraft.

## ROLLING STOCK

Fiat Ferroviaria Savigliano is one of Europe's most important rolling stock design and manufacturing centres. Apart from conventional types, advanced concepts such as the variable inclination train and light alloy suburban trains are produced.

## GAS TURBINES

This sector is expanding rapidly to meet the world's growing energy needs. 90% of production is exported. Fiat Termomeccanica e Turbogas has been an independent company since 1974.

## IRON AND STEEL PRODUCTION

A highly specialized metallurgical complex which is one of the most important in Europe for special steel and pig iron casting production technology. It comprises primary plants, conversion plants and pig iron and aluminium foundries.

## NUCLEAR ENERGY

As a partner in Elettronucleare Italiana, Fiat is making a substantial contribution to the execution of Italy's massive nuclear power station programme.

## PUBLIC WORKS

The Fiat Group includes numerous companies specializing in civil and industrial engineering, town planning, ecology, and residential and welfare-oriented building. These companies have works in progress in more than 25 countries. The most important names: Impresit (Civil Engineering Contractors), Fiat Engineering, Siteco (Consulting Engineers).



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# Overseas projects

THE face of fierce international competition the Italian construction and civil engineering industry in 1975 versus contracts worth m. (L.1.1bn.), a record for Italy, which in this way is the most successful country in the world last year. Moreover this is a performance followed the very level of contracts, worth m. obtained in 1974. The reward was due in large measure to the success of the controlled IRI-led group, the IRI-Istet group, winning a billion-dollar contract to build the port of Bandar Abbas and spectacular success was aided by a series of new contracts worth m. for many of the 140 private Italian civil engineering contractors. Most of contracts came from the East, Africa, South and Europe.  
An achievement made more notable by the fact industry works at a discount compared with the cost of most other European companies in that the kind of credits, insurance, assistance and back-up by the Italian Government much less consistent and than that available to contractors' major competitors.  
The latest rise to 14% in the prime rate by the Italian banks new credit squeeze in these difficulties, while the advantage of low costs has been eroded. Indeed overall costs of Italian contractors often virtually as high of the Americans. The evaluation of the lira will compensate for some of these drawbacks.

heless, the financing and guarantee problems of great importance for the major factors for the industry's expansion. Fiat's Impresit Civil engineering group is another case in point. This is a company which now counts as Governor of the Bank of Italy Guido Carli among its high level consultants. The good record for Fiat's long-standing civil engineering links is a logical expansion of its industrial development as an integrated producer of transport systems. This includes the recently streamlined and expanded Iveco truck subsidiary and the Fiat-Allis earthmoving equipment company. The Iveco group includes the highly specialized vehicles produced by Kloeckner Humboldt Deutz in Germany. Through these companies Fiat is able to supply much of the hardware used in the civil engineering industry to move earth, lay down roads and railways, dig trenches and so on. This not only has a synergistic effect on Fiat's overall performance, but provides a two-way feedback for the development of new vehicle techniques for civil engineering applications.  
Anthony Robinson

## ITALIAN ENGINEERING IV

## Machine tool successes

IF THE machine tool industry is a fair indicator of the health of the engineering sector, then engineering in Italy has survived the recession so far without too many traumas. At UCIMU, the association which represents Italy's machine tool manufacturers, they insist "there is no crisis in our industry." Out of the 180 members only ten are working short time—25 hours a week—while the rest are producing at normal levels.

That is not to say that they have escaped unscathed the severe downturn in world demand. Last year at this time the majority of Italian machine tool factories had about a year's production on their order books. Now orders have slumped down to only two or three months—a hand-to-mouth situation by the industry's standards. As in the U.K. it is the makers of standard machines who have the hardest hit and about a

third of them are currently building for stock. And two companies are supposed to have closed down: IUCIMU, the association which represents Italy's machine tool manufacturers, they insist "there is no crisis in our industry." Out of the 180 members only ten are working short time—25 hours a week—while the rest are producing at normal levels.

Output has held up thus far because the Italian industry, already the second-largest in Europe after West Germany, has pushed exceptionally hard on the export front. UCIMU has been organising a strenuous programme of delegations, missions and exhibitions abroad and says that the Italian industry is involved in one project or another in overseas markets every 20 days. Unfortunately there will be no big representation at the major U.K. exhibition in September because a Milan exhibition closes only the day before.

The latest available statistics, for the first six months of 1975, give an indication of the success of this policy so far. Compared with the same period a year before, exports to Italy's best overseas customer for machine tools—France—soared 54 per cent. to 5,601 tonnes (a better indicator of the position than the value statistic because the rapid rates of inflation in Italy was pushing up prices very fast at the time).

The industry even managed an improvement—of 17 per cent. to 3,230 tonnes—in exports to West Germany during the same period, while attention to the South American markets paid off with a dramatic 50 per cent. rise in exports to Venezuela to 1,797 tonnes.

Other important Western markets for Italy's machine tool builders include the U.S. and the U.K. (which each took around 1,700 tonnes in the first six months of last year). Brazil and Spain. These Western countries have a pretty stable demand pattern as far as the Italian producers are concerned, something which cannot be said of the Eastern bloc. The USSR, while extremely important as a customer of the Italian industry (taking 2,418 tonnes in the first six months of 1975) hands out orders in huge dollops after long periods where nothing is ordered at all. The same can be said for Poland, which took 1,633 tonnes in the first half of last year.

The most important element for the machine tool industry in the search for orders in the Eastern bloc countries is the success of Italy's large engineering concerns, like Fiat, in gaining contracts for complete plants. Although Fiat will use the best available equipment and machinery for the customers' requirements at the right price, it will naturally first look hard to see if the equipment can be provided by Italian companies. After taking 23 per cent. of the industry's total exports in 1974, the Iron Curtain countries' orders dropped back dramatically last year.

After a record year in 1974, 80 per cent. are related to the industry came down to earth with a bump as the recession bit deeper and deeper last year. The home market demand contracted severely, dropping, according to UCIMU estimates,

by 25 per cent. in volume to 132,000 tonnes and 20 per cent. in value to L\$70bn., indicating that manufacturers were having problems in their attempts to put up prices in the Italian market to keep pace with inflation.

The machine tool industry's output fell by 12 per cent. in volume to 164,000 tonnes and 3 per cent. in value to L\$85bn. Of this production, 72,000 tonnes went to overseas markets, representing a volume drop of 4 per cent., but the value of exports rose 16 per cent. to L\$240bn. Imports, meanwhile, slumped by 40 per cent. in volume to 40,000 tonnes and 25 per cent. in value to L\$125bn. This means that Italy's machine tool makers experienced a 16 per cent. drop in both volume (to 92,000 tonnes) and value (to L\$245bn.) in demand from the home market.

## Slackening

UCIMU says the slackening in new order intake, which started in the second quarter of 1974, began to stabilise only in the second quarter of 1975. Like the U.K. industry, the Italian machine tool men are looking for an export-led recovery in orders towards the end of this year.

As with much of Italian engineering in general, the machine tool industry consists of a large number of small companies and a few very large organisations. Companies are mainly clustered in northern Italy around Turin, Genoa, Milan, Varese, Bergamo, Brescia and the smaller industrial towns of Emilia Romagna, Veneto and the Bologna and Florence industrial suburbs. UCIMU says its 180 members account for 85 per cent. of the industry's output but only 35 per cent. of the total of companies.

As so often is the case in Italian engineering, the biggest company in the machine tool industry is State-owned. This is the Innocenti-San Eustachio group (INNSE), which resulted from a 1973 merger. Most of INNSE's operations, around 80 per cent., are related to the production of equipment for the steel industry, with machine tool operations making up the rest. The history of the Italian machine tool industry differs

from those of other industrialised countries because Italy is not so much an industrialised country as a country on which industry has fairly recently been imposed. Not until the renewal of the country's steel industry in the early 1950s did the machine tool industry begin to take on the kind of shape it has today. While Italy's steel producing capability soared from 3.6m. tonnes in 1952 to 20m. tonnes today, there was a matching growth in machine tool building. But it was a disorganised growth, as companies reacted to heavy short-term volume demands (without an accompanying demand for high quality) caused by world events like the so-called "Korean boom" in the early 1950s.

From 24,000 tonnes and a value of L\$30.6bn. in 1952, production of machine tools rose sharply to the record 1974 level of 185,000 tonnes, worth L\$500bn.

In recent years the industry's drive has been towards the inclusion of a higher level of technology in the machine tools Italy offers the world. Like their counterparts in the U.K., the Italian manufacturers realise that Spain and some Eastern European countries can already offer the less sophisticated machine tools at prices they cannot match, while the developing countries are also hovering on the point of seriously invading the world markets for simple machines. To keep its position—second in Europe and fifth in the world—Italy's industry must continue along the path that last year saw the average cost of machines exported 10 to 15 per cent. higher than those which were imported.

Italian engineering concerns have always been willing to "import" technology if it meant they could speed up their pace of development, and the machine tool sector is no exception. But today some Italian machine tool concerns are selling licences to the U.S., West Germany and the U.K.—an indication of the successful development of home-grown technology.

K.G.

## Labour costs rising fast

NEGOTIATIONS FOR renewal of the national three-year labour contract for the 1.4m. Italian engineering workers are currently taking place against the background of strong pressure on the lira, a renewed credit squeeze, a weak government and political uncertainty, the prospects of a year of economic stagnation at the low levels of output reached during 18 months of recession and fear of a new round of inflation. It is a bleak situation accompanied by the closure of several subsidiaries of multinational companies—of which the best known is the withdrawal of British Leyland from Leyland Innocenti—a heavy short-time working and low plant utilisation. Under the circumstances virtually the only bullish features are the temporary improvement in competitiveness by lira devaluation and the hope of an upturn in international trade from which the Italian engineering industry could hope to benefit.

But clearly under these conditions the ability to concede substantial improvements to existing labour contracts is severely limited. This is recognised, in different ways, by both the employers' federation Federmeccanica and the engineering union, the FIEM (Federazione Lavoratori Metalmeccanici). The unions have put the need to safeguard and increase employment at the top of their list of demands, together with insistence on greater rights to examine and discuss investment plans, overtime working, labour mobility, labour conditions in sub-contracting and cottage industry suppliers and so on. The demand for higher salaries has taken second place, and there is no pressure to reduce the working week from the present 40 hours, apart from minor adjustments to shift work hours.

These topics form the heart of negotiations. Agreement has already been reached on these issues with Intersind, the employers' association representing 300,000 workers in the

public sector of the industry. Negotiations are continuing with the private sector.

There is an element of shadow boxing in all this to the extent that many of these consultative facilities already exist between unions and many companies. The real problem this time round is to secure as many big-sounding concessions as possible while not actually raising the industry's costs to a level where the already precarious economic situation of many companies is compromised to the degree where closure or State rescue operations are the only way out.

## Threshold

Already the Federmeccanica estimates that global labour costs in engineering rose by 24 per cent. last year, largely through the automatic threshold payments linked to the rate of inflation. Their latest forecasts for 1976 put it at a 16 per cent. increase in labour costs for blue collar and 14 per cent. for white collar workers, before taking into consideration any increase in costs arising from the contracts. This reflects the in-built inflationary momentum built into the wage-related cost of living index system operating in Italy. In spite of this, however, there is considerable rank and file pressure for a L\$30,000 (£20) flat rate monthly increase for all workers, who feel that inflation is still eroding their real income in spite of the index.

This, however, appears to be negotiable to a certain extent. Whatever the final outcome of the contract negotiations it is clear that the industry faces a considerable rise in both labour and other costs in 1976, which will have to be recouped where possible through higher capacity working—linked to exports—and trade union co-operation in the attempt to raise productivity both through increased labour mobility and co-operation in the effort to reduce absenteeism. The latter is a major obstacle to efficient working and a major

contributor to high costs. It is a factor grown steadily since the duction of a new law five years ago, which companies' rights to on the alleged absence illness of employees.

The bad working conditions, high absenteeism, and highly working conditions in Italian factories, less highest industrial ac in the Common 1 together with the b complexity of the its and social security blamed by the ank bulk of absenteeism are also now compe accept the fact absenteeism is close moonlighting. Man have two or three job ment their basic sala one or two days enables them to regular pay while w where for another s

Indeed one of the the continued surv many small and me companies in Italy they often employ t "black labour" at b rates and without social security chur are paid by the employer. It is also a for workers to go o order to be able to labour requirement small or medium sta which finds itself contract and urger times. Naturally much o of economic activit find its way either l returns, or the s industrial products indeed one of the sec of the Italian econ ture and a major Italy's famous econ bility. But it is a bo a weapon which reb on the cost struc major companies an union efforts to ral ment levels and standards overall.

## THE ITALSTAT GROUP IN CIVIL ENGINEERING

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- Hydro-geological and reclamation projects;
- Impounding and distribution of water (dams, water systems and distribution channels);
- Sanitation works: sewage systems, plant for purification of urban and industrial effluents, plant for disposal of solid urban refuse;
- Nuclear and hydroelectric power plants;
- Public residential complexes;
- Schools and universities;
- Hospitals and sanatoria;
- Public administration buildings;
- Management centres;
- Industrial buildings;
- Social buildings (canteens, meeting-places, auditoria, etc.).

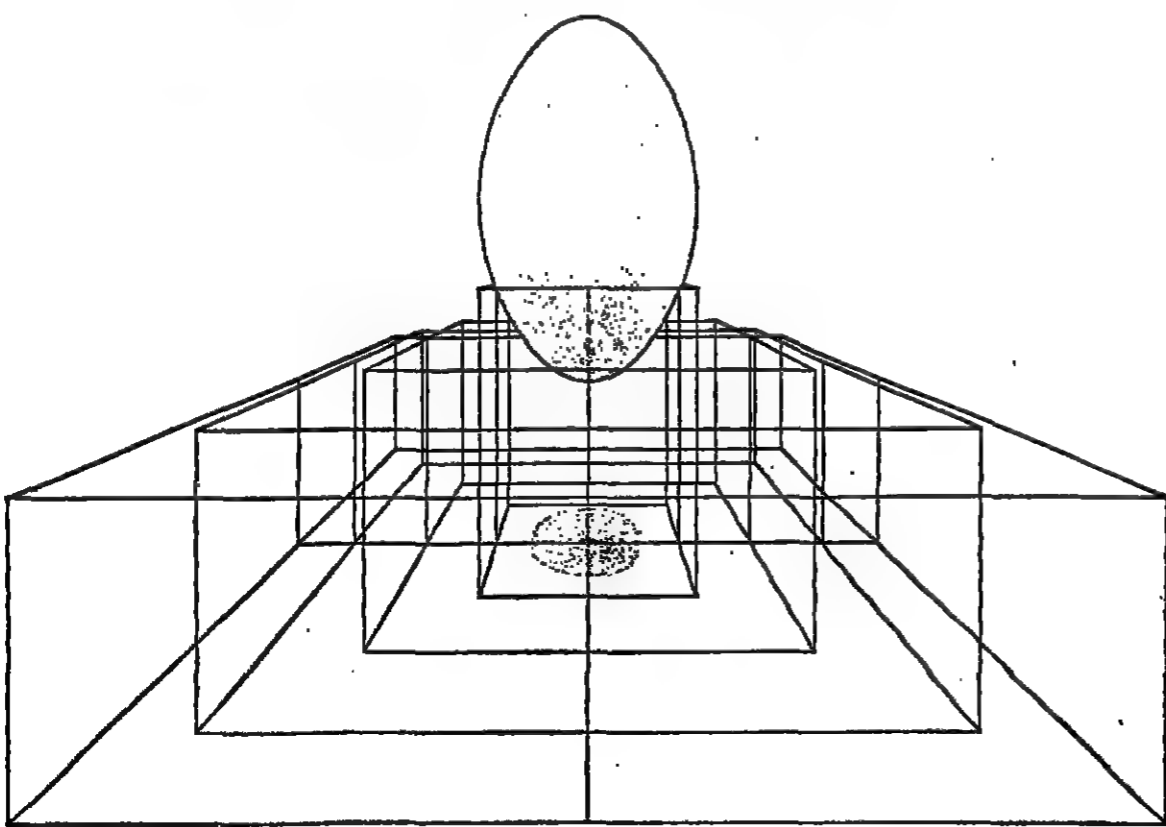
The structure of the Italstat Group, highly integrated on a technical and organisational level, incorporates companies with long experience in the infrastructure field, such as the CONDOTTE Group—specialising in the design, construction and management of building, highway, railway, marine, airport, hotel, sporting, hydraulic, and reclamation projects; ITALSTRADA, SCAL, SPA—companies widely experienced in highway, railway, airport, hydraulic and hydroelectric projects; IPISYSTEM, which has perfected advanced technologies, applying them especially to prefabrication in the field of education, sports facilities and hospitals; ITALEDEL, engaged in industrialised building and with wide experience of social buildings; and ITALECO, established for the study and construction of ecological works and plant.

The experience and operating capability of the Italstat companies won the Group some of the most important international bids during 1975. Among which were: Shah Bandar Abbas Port in Iran (a 650,000m. Lira project); Rio Grande and Alcega hydroelectric plants in Argentina (300,000m. Lira); the supply of prefabricated schools to Iran (40,000m. Lira); a nuclear power station in Creys Malville, France (25,000m. Lira); 300 km. of roads in Iran and numerous smaller projects.



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## State sector under fire

THE PRESTIGE and public image of the highly important State-controlled sector of the Italian engineering industry has been severely compromised by the evidence of improper political infiltration and corruption at the top levels of the IRI-Finmeccanica Group, which culminated in the recent resignation of Signor Camillo Crociani from the presidency. Signor Crociani is accused of corruption in connection with the Lockheed affair and a series of other illegal payments connected with contracts by Finmeccanica companies, such as the electronics company Selenia, to the armed forces. The Crociani case has raised a series of questions about the criteria used for appointing top officials in the State-controlled sector, which up to now has vaunted the technocratic and profit-orientated nature of its activities.

## Accumulated

But the latter has come increasingly into doubt as the losses by State-controlled engineering and other companies have accumulated alarmingly. In 1974 Finmeccanica had a turnover of L1,353bn. and losses of around L100bn., of which some L56bn. was accounted for by the Alfa Romeo car subsidiary and another L42bn. by the rest of Finmeccanica's engineering activities. Another persistent loss-maker has been the Aeritalia aircraft company, formerly a 50-50 venture with Fiat but from which Fiat has announced its intention to retire.

Figures for 1975 are not yet available but it is believed that the deficit on the State sector's engineering activities—which are not limited to Finmeccanica but also include several subsidiaries of the Finsider, Egam, ENI and Edm groups—increased substantially last year, in spite of a major managerial effort at some companies like Alfa Romeo. Other companies, like the Dalmine special tube subsidiary of the Finsider group, are now reaping the benefit of heavy investment programmes and showing a profit after several years of losses.

But the financial situation and operating efficiency of the State sector as a whole has suffered considerably through the appointment of political nominees of questionable managerial ability. This has sapped morale throughout the sector and led to a series of open revolts by middle management and technical staff. It has also raised some very disturbing questions over the criteria used by Finmeccanica, for example, in its choice of nuclear tech-

nology which depends on General Electric and Westinghouse licences. This was a point made recently by economist Signor Francesco Forte, who voiced concern felt in left-wing political circles especially over the degree of dependence on foreign technology and over the fact that the Italian nuclear programme is estimated to cost some 40 per cent. more than the installation of similar capacity elsewhere in Europe.

Fortunately, however, the increasingly critical re-examination of the role of the State sector generally which has developed over the past couple of years has already led to a series of significant changes, which should contribute to a redefining of the role of this key sector and a better use of

the undoubted managerial and technical skills which exist. One change is that several public sector chairmen have been obliged to resign—these include Signor Raffaele Girotti of ENI, Signor Mario Einaudi of Egam, as well as Signor Crociani. In another significant move Signor Franco Piga, the chairman of the State-controlled Special Credit Institute (ICIFU) has resigned his board position at ENI. This reflects the report of the Chiarelli Commission, a special parliamentary enquiry set up to investigate the public sector industries, and which concluded, *inter alia*, that it was incompatible for public sector industry board members also to be top executives of State-controlled credit institutes.

The Communist significant sectors of major parties as we demanding much w monetary control o vents in the sector. These are all de which, it is hoped, tribute to restoring a vitality demonstrate State industries in ti post-war decades engineering and civil ing skills of the B played a vital role Italy an efficient n industry, a motorway manifications network mechanical electri engineering industry a start in the field tronics and avionics growth sectors.

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## ITALIAN ENGINEERING V

## Car industry does well

LY HAS driven into a significant position in world car production, a tribute to the fair duction to 49 per cent. in 1975 technological excellence of thanks to some heavy investment in new models, the 131 Fiat's market penetration from Fiat, the Beta Europe's 13 countries (ex-HPE and Beta 2000 from Lancia Italy) was 5.4 per cent. (a Fiat subsidiary whose efforts ad 8.3 per cent. of the U.S. penetration statistics previously ed car market in the U.S. were not included in the market some it accounted for 57 per cent. given), and others from Alpha of sales—and wouldn't Rome, which is part of the and like to achieve that State-owned IRI group.

Exports totalled 709,825 units, of which 561,310 were cars and 974, but it was still higher 48,611 trucks and industrial the market share of any vehicles, more or less in line r car manufacturer in its with 1974 totals.

So the Italian automotive industry has staggered through roman, said tellingly in his the worst year of the crisis al statement in January: without too much damage, have managed to confirm Lancia, which enjoys all the worth of our products in the advantages of centralised re-national field even without search and development facili-massive amounts of public ties in the Fiat group but has a which our major European degree of autonomy in design and marketing, has renewed its at is looking for a limited range in three years and is now ease in demand in almost all in the position of being unable mean countries this year but to produce enough cars to meet level. The group is ex- parts of Fiat, industrial prob-er cent. lift in unit sales lems arising from the current round of wage discussions with year.

1975 the Italian automotive industry suffered its second massive setback, and produc-tion was 17.7 per cent. down on at 1,458,629 units (1,772,515 previous year). The 1973 luction was 1,957,994 units, 25 per cent. up on last

According to the automotive manufacturers association Ania, production was worst-ried. Output at 1,348,544 s was 23,000 down on 1974 475,000 units below the 1973 l—an indication of the sever- of the impact of the oil crisis had on the car market.

Trucks and industrial vehicle-put was 103,873 units last r, down by 30,000 units. Bus coach production at 5,412 s was 2,000 below the pre-vious year.

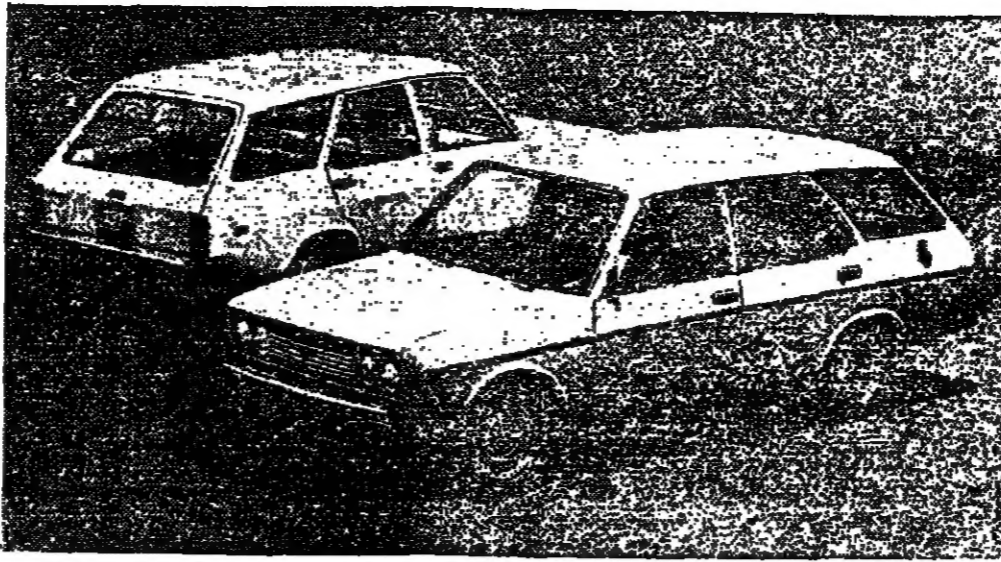
The Italian car industry nothing like Fiat's.

It should not be forgotten that production of Fiat cars abroad last year, carried out under licence in five countries (not counting the Togliattigrad plant in the USSR), reached a total of about 690,000 units, roughly the same as in 1974.

The countries concerned are Argentina (the Concor), Poland (the FSM and FSO), Yugoslavia (ZCZ), Spain (SEAT) and Turkey (Tofas). This year a start will be made on production of a model derived from the 127 at the Betim plant in Brazil. Fiat also had 20,000 units assembled under the aegis of its International Affairs Division in Yugoslavia, Egypt, Morocco, Venezuela and Zambia last year.

Apart from the Brazilian plant, Fiat is also committed to construct a new factory capable of assembling 1,000 buses a year at the southern Italian town of Grotto Marina. And in Nigeria it will, together with local interests, build a plant at Kano with a production capacity of at least 8,000 trucks and 3,000 agricultural tractors a year. This project should come on stream in 1978.

K.G.



New models from Italian car manufacturers have helped the industry's penetration of overseas markets. Above: the Fiat 131 Mirafiori. Below: Lancia's Beta HPE.



## Fiat's flexibility pays off

AT THE heart of an engineering industry characterised by the overwhelming predominance of small companies, employing fewer than 200 workers the Fiat group stands out as a colossus. It employs nearly 200,000 blue and white collar staff and turned over L.3,750bn. (£2,350m.) last year, excluding sales by various subsidiaries like the Iveco truck group, which alone produced another L1,900bn. in 1975, its first full operational year.

But it is a colossus which has shown a remarkable flexibility in the way it has reacted both to the energy crisis, which struck a cruel blow at its principal automobile interests, and to the rapidly changing political and social context in contemporary Italy. It is seeking to increase this flexibility through a policy of massive investment linked to a thoroughgoing transformation of its managerial and organisational structure.

To take the first point first, Fiat at the start of this decade was well over 70 per cent. dependent on the automobile. By the end of this decade only half of its production will consist of cars, thanks to a wide ranging diversification policy which has already made Fiat a producer of transport systems in the wide sense and is taking it much deeper into the fields of civil engineering, energy equipment and systems, machine tools, components manufacture, steel production, railway equipment and so on.

This process is absorbing vast amounts of capital. In 1975, a year of deep recession for the Italian economy as a whole, Fiat invested L460bn. in Italy. A figure which rises to L515bn. if investments by subsidiary companies in which Fiat has a minority interest are included. A further L181bn. was invested directly by Fiat companies abroad, out of a total of L329bn. Invested abroad by Fiat and companies in which Fiat has a minority interest. In the current year Fiat proposes to invest L460bn. in Italy and a further L190bn. abroad.

## Narrow

Traditionally, well over 70 per cent. of Fiat's financing needs have been self-generating. This is an important fact which needs some explanation. A major part of this performance is due to the fact that three decades of solid growth since the war have taken place on the basis of an extremely narrow share capital base of L150bn. Servicing this capital with a 20 per cent. dividend, even over the last three years when this meant drawing from reserves, costs Fiat a mere L30bn. (£20m.) annually. Its ability to get away with this for so long is a reflection of the nature of the Italian stock exchange, where Fiat shares bear no relation whatsoever to the value of assets and where shareholders are in no position to demand the sort of participation in growth demanded on most other stock-exchanges.

Thanks to this Fiat has for decades been able to plough the back through depreciation the bulk of its cash flow. Last year, for example, the massive in-

vestment programme took place at a time when Fiat's overall indebtedness rose by a mere 6 per cent. and within the context of a financial reorganisation which has seen the proportion of long and medium-term to short-term debt rise from 38 per cent. in 1973 to no less than 70 per cent. last year.

This consolidation of the debt position is one of the vital pre-requisites for Fiat's managerial revolution, which consists of the conversion of Fiat to a full holding company structure which is now operational after five years of preparation.

## Twofold

The logic behind this decision is twofold. In the first place the splitting up of Fiat's activities into six operational groups plus four sub-groups is seen as the best way to encourage the development of specialist managerial and marketing skills in different product areas. Second, the formation of these groups with their own identity raises the possibility both of expanding sales to third parties and of obtaining individual quotation both on the Italian and foreign stock markets in future. This gives the possibility of raising fresh risk capital without Fiat Holding losing its overall control. Examples of this process can be seen in the Iveco truck group which is a sub-holding controlled 80 per cent. by Fiat and 20 per cent. by Klöckner Humboldt Deutz, of the Fiat-Allis Chalmers earthmoving equipment group owned 65 per cent. by Fiat and 35 per cent. by Allis Chalmers. Both these proportions could be changed substantially without endangering Fiat's overall control.

The six main operating groups under the new structure cover the following areas: automobiles, tractors, iron and steel, energy, machine tools and railway equipment. The four sub-holdings are made up by: the Iveco truck group, the Fiat-Allis earthmoving equipment group, automobile components (controlling companies like Magneti Marelli) and civil engineering.

The function of Fiat Holding itself will be to co-ordinate the overall activity of these various operating groups at a strategic level, including decisions on overall financial compatibility, national labour negotiations and Fiat's group image.

This process of internal re-organisation, product diversification and a continual strengthening of Fiat's international activities—of which the creation of the Italo-French-German Iveco is one example, and the 5930m. forge and car plant at Minas Gerais in Brazil another—has made Fiat a force to be reckoned with in many fields of engineering and linked fields.

The company is criticised by the unions and the Left for its heavy overseas investment and its tough negotiating stance in labour contracts, but its example as an enlightened, progressive capitalistic concern is respected by the Italian Left, including the Communist Party.

This is a very important

consideration at a time when and medium engineering em-Italy is nearly approaching a pause in the private sector major political change which demonstrate their efficiency is expected to bring the Com-and willingness to work within nunist Party into the the overall planning indica-Government. The highly re- trans, which is expected to be sionistic economic policy of a priority of a future reform the Communist Party re- government which includes used the value of private the Communists, then their enterprise as an efficient user private enterprise role can be of resources and source of in- expected to continue.

A.R.

## COGEFAR: Italian Civil Engineering Contractors

"COGEFAR—Costruzioni Generali S.p.A." having its Head Office in Milan, No. 21, Bastioni di Porta Nuova, is one of the leading Italian civil engineering construction contractors.

The civil engineering construction field has always been a very important one in the Italian production sphere, due both to the undoubtedly high standards features already tested, by contractors, all over the world, and to the benefits occasioned the national economy, namely the contribution to the balance payments equilibrium and the opening of new ways to the high technical production export trade).

"COGEFAR" belongs to the limited "elite" of leading civil engineering contractors. Its working activity, either on its own or in joint venture with other important industrial groups, has actually been developed all over the world, from Africa to South America, Asia and Australia.

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A list of its main activities will sufficiently point out the fact that "COGEFAR" actually is the kind of building contractor always able to carry out any and all civil engineering jobs. It is worth while, in particular, to emphasise COGEFAR's ability and efficiency in the building prefabricated field, namely in the residential buildings industrialisation, which the Company has recently been very successful in some instances, such as France, being definitely in the van as far as we work—concerned. Besides, it will be right to stress other working field of "COGEFAR", namely the construction electro-nuclear schemes (such as, for instance, the atomic power plant of "Gasep-Deeniken"): this is actually a kind construction works being decided in the van.

As a consequence of its long experience in working activity and experience, "COGEFAR" has actually developed an efficient rating organisation which has successfully resolved the real-ising of every international civil engineering construction (tractor: the availability of a centralised "brain", perfectly fitted with a suitable number of "hands" busy operating over the world.

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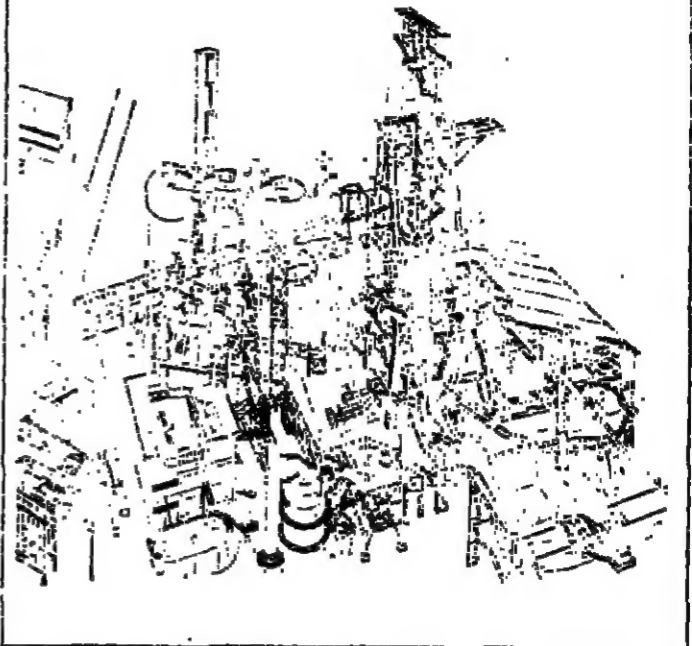
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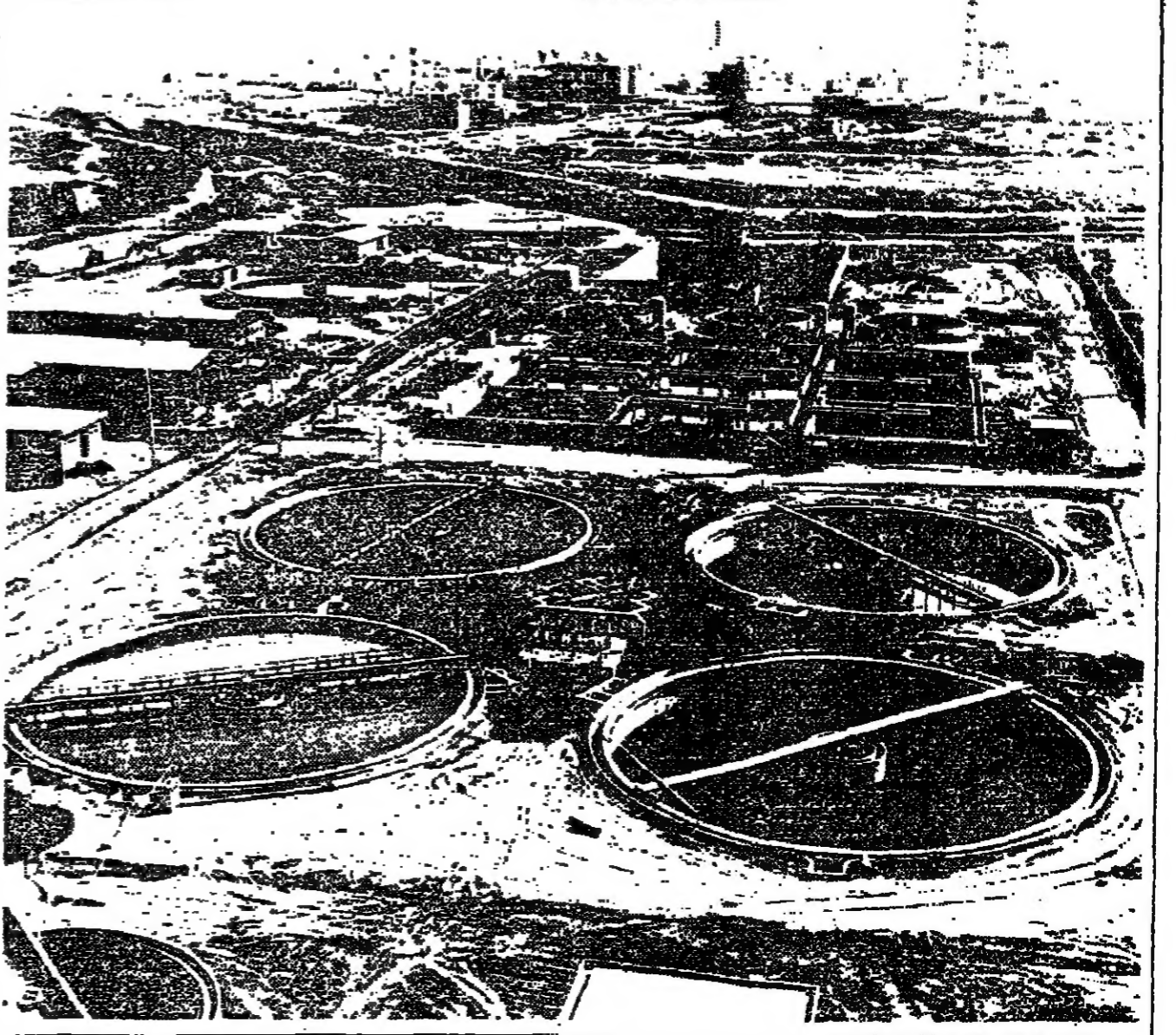


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## Snags hold up new planning agreements

BY ADRIAN HAMILTON

DESPITE INITIAL hopes that the first planning agreements could be signed by this month, the Department of Industry now looks unlikely to gain such an agreement before the summer. The Government is already assured of acceptance of agreements from companies like British Leyland and Rolt-Royce which have fallen into the National Enterprise Board fold. But, for public relations reasons, it is anxious to start with a few agreements with important private companies. While there are indications that it should be able to achieve this at least in one or two sectors, its progress in talks has been much slower than originally anticipated.

The delay appears to have been caused partly by administrative problems in tying up what remains a sensitive and ill-defined proposition. It also seems to owe something, however, to the increasing doubts being expressed by major companies about the value and precise meaning of the Government's proposals.

### Reassured

Over the last six months since the Department of Industry first approached leading companies in five selected industrial sectors, the Government has gone far to meet the fears expressed by private companies, although these informal talks between companies must make it more difficult for any company to prove the first to sign for fear of the reactions of the others.

The food processing and engineering sectors, meanwhile, are thought to have thrown up considerable administrative problems because of the complex structure of the areas in which they operate.

Companies approached by the Government are "exchanging notes" on their talks under the aegis of the CBI. There is no intention of a concerted campaign against the agreements, however, although these informal talks between companies must make it more difficult for any company to prove the first to sign for fear of the reactions of the others.

BY ADRIAN HAMILTON

The Government has decided to limit the British Steel Corporation's access to non-interest-bearing public dividend capital (PDC) to 55 per cent. of its additional financial needs during this financial year and the next, the remainder to come from interest-bearing loans from the National Loans Fund.

The decision, announced in the Commons last night, is likely to add substantially to British Steel's interest payments at a particularly difficult time. It effectively reverses the policy decided in 1973 to fund most of BSC's financial needs with PDC to relieve it of interest during difficult times.

Announcing the move in the Commons, Mr. Gerald Kaufman, Minister of Industry, said the Government had decided to fund BSC at its current predictions of losses.

But, he argued, the change in gearing was necessary to protect "the credibility of PDC to which we attach importance." He also predicted that the BSC, which was likely to make a loss of "not much less than £300m. in the current year," would still make

more assurance of the continuation of investment incentives. And it has said that agreements with the workforce will be at plant, rather than national level, with the fullest safeguards as to the discipline with which any information gained will be used.

Reactions to these proposals, despite the "watering down" from the original concept of planning agreements, remains mixed, with a continuing suspicion by most companies of the value of signing any formal document and a reluctance by even those who accept the idea to become the first to sign.

Of the main sectors approached so far — petrochemicals, process plant, motor cars food processing and heavy engineering — the first to sign are likely to be some of the process plant companies, who feel that their heavy dependence on Government orders for their sales makes acceptance inevitable, if not advantageous.

The petrochemical companies like ICI and BP, on the other hand, are reported to have maintained a positive distaste of the idea and a deep distrust of the potential implications of signing, particularly for international groups.

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Mr. Kaufman's statement is hardly likely to be welcome to British Steel, which feels that it has done much to turn around its financial situation, but which feels that adding to its debt burden can only increase its problems.

The statement would suggest, although this was far from clear last night — that the Government does not think it necessary now to raise BSC's borrowing limit from its current ceiling of £2bn. The Government, however, will have to review the situation should BSC's finances deteriorate further than currently predicted, Mr. Kaufman warned.

The Department of Industry's decision to restrict PDC which is a form of cheap Government finance, comes when the Treasury is concerned at the role of this form of finance when public expenditure is under severe scrutiny.

## Wholesale prices rose by only 1% in February

BY ANTHONY HARRIS

HOME PRICES of manufacturers rose only 1 per cent. at the wholesale level in February, compared with 12 per cent. in January, to reach a level of 171 per cent. higher than a year earlier — 1 per cent. less than in January.

figures issued yesterday show that there was a revival in retail sales in January, with a marked upturn, in particular, in the durable goods sector. Prices of materials and fuels rose by only 0.5 per cent. — about the average for the last three months — to reach a level of 20.2 per cent. higher than a year earlier; but this index is likely to rise sharply in March, following the fall in the international value of sterling. This might well add as much as 1½ per cent. to the materials index, which has a high import content.

In spite of this, the figures "remain an encouraging indication for domestic inflation. The last round of car price increases was the main item in the rise in the price of manufactures other than food, and the rise in the price of food manufactures — 3½ per cent. in the three months to February — less than half the rise in the same period in either of the two years. Food is especially important in the cost of living index.

Credit sales by retailers experienced a sharp revival in

WHOLESALE PRICES				RETAIL SALES AND NEW INSTALLMENT CREDIT			
1970=100		Materials and fuels		Retail sales (Volume: 1971=100)		New inst. credit £m.	
Output prices (home sales)				1974 4th		1975 1st	
1974 4th	164.9	222.1		111.3		679	
1975 1st	176.0	220.9		111.3		722	
2nd	184.3	225.6		108.9		754	
3rd	192.4	229.3		105.5		736	
4th	199.1	254.0		105.8		775	
1975 Nov.	198.9	254.7		112.3		na	
Dec.	201.5	259.0		110.5		na	
1976 Jan.	204.9*	260.9*		109.8		286	
Feb.	206.9*	263.0*					

January, a result of the buoyant annual sales, and the relaxation of controls on some goods in mid-December. At the same time, the official estimate of total retail sales in January has been revised upwards by nearly 1 per cent. Durable goods shops, whose credit sales in the three months November-January were 35 per cent. higher than in the previous three months, led the way. Retail credit sales in total rose 11 per cent. over this period, but advances by finance houses were only 4 per cent. up. The revival of durable goods sales represents a recovery from

a very deep depression which followed the introduction of higher VAT rates in May, 1975. Between the first and second halves of the year the volume of sales by these shops fell by nearly 14 per cent., and even the January figures, boosted by price reductions, is only about the monthly average for 1974-75, and is about 2½ per cent. below the figure for January 1975. Similarly retail sales as a whole, now put at 100.8 in volume terms, the best figure for 10 months, apart from the tax-avoidance boom in April 1975 — is more than 2½ per cent. down on the same month a year earlier.

## Strikes over railway cuts will hit main lines to-day

BY CHRISTIAN TYLER, LABOUR STAFF

MAIN-LINE train services between London, the North-East and Edinburgh and local Eastern Region Services may be badly disrupted to-day because of unofficial strikes by drivers, British Rail warned last night.

Trouble was also forecast on the commuter lines between Kings Cross and the Hertfordshire dormitory towns and Cambridge. Starting in Leeds yesterday, industrial action spread rapidly to Hull, Lincoln, and other under-served lines — introduced a week ago as part of the Board's already announced short-term economy drive.

Yesterday's action marks the first open revolt by rank-and-file railmen, an economy drive agreed in principle with

national union leaders but left to regional managers and union representatives to work out in details.

Eastern Region said that its local talks had failed to secure agreement and "management had no alternative but to implement the alterations."

Similar cuts have been introduced on the Western and London Midland regions without signs of trouble. But on the Southern Region, militant drivers have threatened a campaign of action to begin when timetables are altered from the beginning of May.

The strikers are mainly members of the Associated Society of Locomotive Engineers and Firemen (ASLEF). Their action is embarrassing for the union leadership which although campaigning vigorously against higher fares and the long-term decline of the rail network it says is implied by the public expenditure programme, has decided

not to use the threat of industrial action.

They are anxious to command the support of passengers and to show that their quarrel is with the Government, not with the British Rail Board.

Industrial action that disrupts services would, rail union leaders feel, be counter-productive to a campaign designed to keep all the services alive.

Unions originally asked for a guarantee that there would be no compulsory redundancy for the present round of cuts, but finally accepted an improved package of redundancy terms to last until June — thereby implicitly accepting that men would be put out of work.

Commuters in the southern suburbs of Liverpool were hit by an unofficial strike by 350 bus crews, protesting against service cuts which started yesterday.

## Foot attacks Goodman over Press charter issue

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. MICHAEL FOOT, Secretary of State for employment, yesterday rounded off criticism of the voluntary charter without the need for intervention on his part. "The only function proposed for the Minister is that if the various parts of the newspaper industry fail to agree among themselves he should step in and assist them and possibly advise them, within the narrow limits, and thereafter, present his conclusions to the two houses of Parliament for their further concurrence."

There was no question of dictation. In the event of failure to produce a voluntary charter, Parliament could tell him to return for more consultations with the newspaper industry. Lacking any powers of legal enforcement, he would be wise to accept Parliament's advice.

The preliminary discussions that would take place prior to drafting the charter, Mr. Foot continued, could deal with the right of an editor not to join a trade union and the question of free access to newspaper columns on the part of both union and non-union members. They could also deal with such allegations as that of the members of the National Union of Journalists in Barnsley, who have been said to have sought to deny access to labour movement sources to colleagues in the rival Institute of Journalists.

"That action might have more serious implications than either the Barnsley branch or the National Union of Journalists, and I trust they would consider the matter afresh," he added.

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Continued from Page 1

## Bank halts slide of pound

sterling — but there was some leeway to be made up. Moreover, as previous experience with the floating pound has indicated — particularly last summer — the pound in practice tends to move in relatively rapid steps rather than the gentle decline indicated by purist forecasts.

And although yesterday's upsets to the French franc were being blamed in some quarters on the ripples caused by the pound, there is no doubt that the fundamental factor of differing inflation rates is at work in the relationship within the snake between the French franc and the German D-mark.

By genuine coincidence, the British Government had already chosen yesterday as the day for publishing the detailed balance-of-payments figures for the fourth quarter and early 1975 calendar year.

These confirmed the sharp improvement already indicated by preliminary estimates. Indeed, at £308m. seasonally adjusted, the fourth-quarter deficit was

£349.5 a tonne. Copper cash wirebars rose by £10.5 to £665 a tonne and there were also sizeable gains in lead and zinc values. In comparison, the silver market was fairly subdued, moving up by 7.8p to £182.5p at the morning fixing but hardly changing in the afternoon.

A significant feature of the base metal markets, was that prices continued to rise in late dealings even when the decline in the value of sterling had been reversed.

Guy de Jaqueries in New York writes: Sterling strengthened slightly after the London close and was quoted at \$1.9455 in the late afternoon. Dealers said that the firming was largely technical and reflected profit-taking.

Foreign exchange dealers were at their desks early this morning, and trading was heavy until shortly before midday. It became much quieter in the afternoon, and dealers said that they saw no evidence either of large new sterling sales or of significant intervention by the Federal Reserve.

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### THE LEX COLUMN

## Gilt-edged bear the brunt

The gilt market has been rocked on its heels by the antics of sterling and good news like the favourable wholesale price figures yesterday has been ignored. The FT Government Securities Index has lost 5 per cent. since the end of January, and the longs are 8 per cent. off the top.

The contrasting rise in equities was achieved on very thin trading. The two big bank rights issues are causing a little indigestion, and the queue now stretches well beyond the Budget. Meanwhile, the familiar arguments in support of the overseas earners were not really borne out by actual share price movements. Companies like Unilever, DCL or ICI have not shown that much strength

### Index rose 6.8 to 411.5

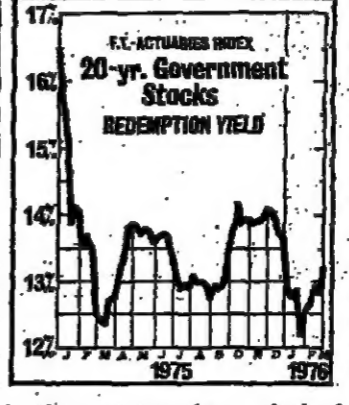
complains vigorously about the problem, but declines to give its shareholders any illustrative figures. Its international subsidiary, which used to be something of a pioneer in inflation accounting, now considers it inappropriate to attempt to quantify the effect of inflation. Of course, it is not possible to give hard and fast figures when detailed discussions of the application of the Sandilands recommendations to the banks are continuing, and likely to do so for some time. Yet Lloyds might have pointed out that of retentions of £30m. for 1975 some £19m. was absorbed in the bank's infrastructure, and after allowing for changes in the sterling value of dollar debt, a net capital rise only £15m. to £212m. The increase needed to be £21m. to keep pace with the subdued growth of deposits in 1975, and more like £50m. to maintain the real value of the capital base.

The urgent need for retentions may explain why Lloyds did not take advantage of its rights issue to make an exceptional dividend increase. That it might have been wise to do so, however, is shown by the collapse in its share price from 271p to 225p since the announcement, compared with a slight gain by the market over the period. The shares have not been helped, of course, by general uncertainty over where bank profits are going. Lloyds will now be more optimistic about costs, following last year's 30 per cent. leap in staff remuneration. But the clearers are being caught in an awkward trap by the drop in short term money rates: their lending rates are too high relative to the money market, but their seven-day deposit rate is too low against building society competition.

**Hanson Trust**  
Hanson Trust's extremely successful expansion programme in the U.S. has largely been the work of former deputy chairman Mr. V. G. White, who left the Board in 1973-74 and moved overseas to plan the North American breakthrough. The offer document for Hanson's latest U.S. purchase, Hygrade Food Products, discloses that Mr. White has acquired a 10

per cent. interest in American operations. Since the U.S. market became apparent in Mr. White's interim report September's letter, holders relating to a textile acquisition in the 10 per cent. stake issued for £15.1m. (net paid), but it is to whom. This was, since Mr. White, a director. Hanson stresses that it has always been its policy to give executives a significant role in the business. It is responsible for no failing in the expansion has been from nothing up to where they are now. The expansion has been a steady climb. The question is whether a relevant matter shareholders have been made aware of the answer. It is that it is the U.S. is a different chairman of the acquisition is to salary amounting to three times Mr. White's annual incentive due more than

**J. Coral**  
Coral expects between £2m. and £2.5m. in 1976, average outlay of over the past two years the £2.7m. rights issue money is going to bingo (£1.8m.), and shops (£1.8m.). The latter may be of little use to the bet of betting shop. There is nothing Coral's latest era. Pre-tax profits for 1976 are £8m. allowing Coral dividend by 38 per cent. for 1976 and the covered more than latest earnings. The further 7p rise two day gain of 1 where the right-hand prospective 10p per share, even before the balance sheet is healthier.



in the past two days. And of course there is quite a body of companies for which devaluation is positively bad news.

Last year, for instance, Trust Houses Forte's provision for its unmatched foreign currency loans was not far short of its total dividend payment. Rothmans has its famous convertibles to finance at DMT 8 to the pound; and a Swiss franc or dollar borrowing turns up at the oddest places, like Woolworth or Land Securities. On U.S. accounting standards, the pain of a depreciation would be even more widespread. There, monetary assets and liabilities have to be converted at year-end exchange rates, whereas everything else goes in at historic cost. That treatment would make some of our debt-financed acquirers look a little unhappy.

### Lloyds Bank

The report from Lloyds Bank follows the usual pattern of bank statements in relation to the ravages of inflation — it

**J. Coral**  
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## Higher Rate Taxpayers

Schlesingers' Nil Yield Fund is specifically designed for Also suitable for Trustees Children's Investments Capital Transfer Tax planning

Capital growth of	Tax Rate 50%	Gross income yield equivalent		
		3-5%	5-8%	17-5%
2% equals	4% equals	7-0%	11-7%	35-0%
6% equals		10-5%	17-5%	52-5%

### Total Net Returns

Many investors are now looking increasingly at total NET returns from investments rather than at gross dividend returns which can suffer very high rates of taxation. The table, indicating the gross income yields equivalent (at varying income-tax rates) to the specified gross capital gains, shows how unattractive such income can be compared with gains made in an Authorised Unit Trust. Here, very modest relative capital gain offers the same net return as a very high gross income at the upper end of the tax range. In fact, for the 70% tax payer capital gains in an Authorised Unit Trust are worth at least 2.9 times as much as the same income return.

### Aims and structure of the Nil Yield Fund

This Fund has been designed to achieve a portfolio return principally or wholly by way of capital gain. However, the managers expect that there will be a small income distribution on the Fund about every 2-3 years. There are specialised techniques to achieve such a return but most are impractical for the private investor since they need constant monitoring and a high degree of technical expertise besides considerable administration. By concentrating full time professional management on one portfolio and using to full advantage the tax and administrative efficiencies

inherent in Authorised Unit Trusts, Schlesingers Trust Managers have resolved this difficulty and can offer a diversified portfolio. Three Portfolios in one: The Fund is divided into 3 separate portfolios — 1. Fixed Interest: This portfolio includes "Surat" Gilt which the redemption yield is substantially represented by capital gain. This portfolio and cash awaiting investment currently accounts for 49% of the Trust. 2. Overseas Growth Stocks: This portfolio — some 40% of the Trust — includes portfolio emphasis on the U.S. stock market, currently favoured by the Managers. Back-to-back foreign currency facilities are used to avoid substantially the risks of the dollar premium. 3. U.K. Equities: This portfolio — currently 11% of the Trust — includes low yielding equities and a small proportion in the Capital Shares of Dual Capital gain. The Fund's aim is to minimise volatility whilst offering a higher return (by way of total

appreciation) than the fixed interest deposits. The Fund will not meet with any ordinary share. The managers will offer of the portfolio as appropriate to the objectives of an investment in this Fund. It is regarded as long term "PIMS" — the recognition of many private advisers. Schlesingers PIMS link Trust Nil Yield Fund specifically for the larger £2,500 to £25,000. The Fund provides regular detailed portfolio valuations, 10p valuations to meet the needs of investors. The figures used, based on the April 1975 Minimum Investment Fund is £2,500 or £250 regular gifts. For full details please contact: Schlesingers, 140 St. Mark's, London, E.C.4. Tel: 01-405 3100. Members of the Association of Unit Trust Investors. Not a bank or building society.

I would like full info on the PIMS Nil Yield Fund

Name \_\_\_\_\_ Address \_\_\_\_\_

### Weather

DRY, sunny spells, after morning fog. Some heavy showers in E. Cloudy, rain in N. Ireland later. London, Cent. S. N.W. and Cent. N. England, Midlands. Dry, sunny spells after fog. Wind variable, light. Max. 4C (39F). Frost. S.E., E. and N.E. England. S.E. and N.E. England. Sunny intervals, some wintry showers near coasts. Early fog. Wind variable, or N. light. Max. 4C (39F). Frost. S.W. England, Wales, Lakes.

### BUSINESS CENTRES

City	Y'day	Mid-day	Y'day	Mid-day
Alexandria	18	14	18	14
Amsterdam	18	14	18	14
Antwerp	18	14	18	14
Bahia	18	14	18	14
Bombay	18	14	18	14
Buenos Aires	18	14	18	14
Calcutta	18	14	18	14
Canton	18	14	18	14
Cebu	18	14	18	14
Colon	18	14	18	14
Hankow	18	14	18	14
Hong Kong	18	14	18	14
Kobe	18	14	18	14
London	18	14	18	14
Lyons	18	14	18	14
Manila	18	14	18	14
Medan	18	14	18	14
Shanghai	18	14	18	14
Singapore	18	14	18	14
Sourabaya	18	14	18	14
Tientsin	18	14	18	14
Yokohama	18	14	18	14

### Is. of Man, S.W. Scotland, Glasgow

Dry sunny spells after mist. Wind variable, becoming S. light. Max. 4C (39F). Frost. Borders, Edinburgh, Dundee, Aberdeen and Moray Firth, Cent. Highlands, N.E. Scotland. Dry, sunny spells, perhaps wintry showers. Wind variable, or S. light. Max. 5C (41F). Argyll, N.W. Scotland. Dry, sunny spells, becoming cloudy. Wind S. light, becoming moderate. Max. 5C (41F). Whirly showers, sunny intervals. Wind, S. light. N. Ireland. Bright periods, becoming cloudy, perhaps rain or snow. Wind S. light, becoming moderate, fresh. Max. 5C (41F).

### Outlook: Dry, sunny intervals.

Perhaps rain or sleet in W. Frost. Lighting-up: London 18.34, Manchester 18.31, Glasgow 18.37.

### HOLIDAY RESORTS

City	Y'day	Mid-day	Y'day	Mid-day
Alacorte	13	13	13	13
Alanya	13	13	13	13
Antalya	13	13	13	13
Bahia	13	13	13	13
Bombay	13	13	13	13
Buenos Aires	13	13	13	13